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Shamir Is Upbeat on Conference

With Syria's New Stance, He Sees Talks in 'Month or Two'

Compiled by Our Staff From Dispatches

JERUSALEM — Prime Minister Yitzhak Shamir, in his most positive assessment so far of Middle East peace prospects, Tuesday likened Syria's apparent change of heart to that of Egypt in 1977.

In comments that followed two days of talks with Secretary of State James A. Baker 3d on a peace plan for the region, Mr. Shamir also said he was hopeful that "in a month or two, we will sit together with our neighbors' representatives and we will talk."

[In Kuala Lumpur, Mr. Baker urged Israel to respond quickly to the U.S. proposal for a peace conference even if questions remained about some of the details.

[Mr. Baker said the Bush administration would like to have an answer from Mr. Shamir before the summit meeting next week between Presidents George Bush and Mikhail S. Gorbachev. But Mr. Baker said the summit date was not an "absolute deadline."]

Syria's readiness to talk directly to Israel "is a phenomenon similar to what happened in Egypt with President Sadat when a revolution occurred in his concepts that ultimately led to negotiations with Israel and to peace," Mr. Shamir said in remarks released by his office.

Until recently, Israeli leaders have expressed great skepticism about Syria's motives.

After being briefed Monday by Mr. Baker on Syria's position, Mr. Shamir appeared cautiously optimistic. His comparison between Anwar Sadat and President Hafez Assad was a more emphatic endorsement of Mr. Baker's mission, since Mr. Sadat's 1977 journey to Jerusalem resulted in peace between Egypt and Israel.

"As things look now," Mr. Shamir said, "I think we are approaching the beginning of negotiations."

He added that some problems remained, specifically regarding which Palestinians would attend the talks, but that "we hope these problems can be solved."

Neither his government nor the Palestinians had appeared ready to make concessions on the makeup of a Palestinian delegation, the issue that blocked a past U.S. initiative and toppled the last Israeli government.

In a meeting Monday night with members of the National Religious Party, Mr. Shamir repeated the government's views that Israel would not negotiate with Palestine Liberation Organization members and would sit down only with Palestinians from the occupied territories "whose presence could be tolerated," the national ITIM news agency reported.

Mr. Shamir faces pressure from rightist extremists, who have threatened to leave the gov-

See MIDEAST, Page 6

The Associated Press

Yitzhak Shamir said Syria's willingness to talk was similar to that of Eygpt in 1977.

Bush Signals Easing On Iraqi Sanctions

Move Is Weighed to Allow Baghdad To Sell Oil to Buy Food and Medicine

Compiled by Our Staff From Dispatches

WASHINGTON — President George Bush said Tuesday that he did not want innocent Iraqis to suffer from Gulf war economic sanctions, and U.S. administration sources said Mr. Bush was considering letting Baghdad sell oil to pay for food and medicine.

"We'll see what we can do," the president said at the start of a cabinet meeting after being asked by reporters about a possible easing of sanctions authorized by the United Nations pending Iraq's full compliance with the war's cease-fire terms.

Mr. Bush said: "I'm not trying to hurt any individuals there. Our argument is not with these women and children of Iraq. It's with the dictator." He was referring to President Saddam Hussein.

Until now, Mr. Bush had refused to consider easing the strictures imposed soon after Iraq's invasion of Kuwait in August and kept in place after the cease-fire took effect in February.

"It's all under review," said an administration source, who added that "several options are being discussed among various coalition partners."

The British foreign secretary, Douglas Hurd, said Tuesday in Turkey that Britain may support a UN proposal to allow Iraq to sell some oil to pay for food, but only if there were guarantees that the Iraqi Army would not get the proceeds.

Mr. Bush told reporters: "My view is the UN mechanism is clear in terms of helping the children and those who may be threatened with famine or disease. The machinery is in place there, and it's very clear that Saddam Hussein has not complied with the UN resolutions."

He said that Iraqi troops had taken an estimated $1 billion worth of gold from Kuwait and that Baghdad also had failed to disclose its nuclear development capabilities.

"So there is much to be done," the president said, "but the United States is not going to see suffering of innocent women and children there."

"There's all kinds of mechanisms available for him to take care of it — his own resources inside the country, the possible release of resources outside the country and it's a matter being discussed at the United Nations."

Mr. Bush said he spoke Tuesday with Prince Sadruddin Aga Khan, a special UN envoy in the Gulf, who has said Iraq faces a human catastrophe unless the economic ban is eased. *(Reuters, AP)*

Elaine Sciolino of The New York Times reported earlier from Washington:

The Bush administration is drawing up a plan under which the United Nations Security Council would remove some sanctions against Iraq, allowing Baghdad to sell petroleum to buy food and medicine, pay war reparations and cover the cost of destroying weapons, according to senior administration officials.

The plan, drafted by the State Department, is being circulated for review within the department and at the Pentagon, White House and Central Intelligence Agency.

Officials said that Secretary of State James A. Baker 3d was expected to approve it. It would also need Mr. Bush's approval before it could be presented to the Security Council as the basis for a resolution.

The plan is a response to reports from independent medical teams, UN officials and news organizations of widespread malnutrition and disease in Iraq, as well as an attempt to counter calls for a more sweeping removal of economic sanctions on humanitarian grounds, the officials said.

An official described the plan as "a good way to maintain the bulk of sanctions and not be on the wrong side of a potentially emotional issue."

Several days ago the five permanent Security Council members — the United States, Britain, France, the Soviet Union and China — gave Iraq until Thursday to declare a final inventory of its nuclear sites.

But on Monday a senior administration official described the date as "an artificial deadline, not necessarily a turning point."

Prince Sadruddin is pressing the move to ease sanctions against Iraq. On Monday, he told the Security Council's sanctions committee about a worsening crisis among Iraq's civilian population and suggested that the country be allowed to sell oil to import food, medicine and some agricultural and industrial materials.

The prince said later at a news conference that it was "absurd and indefensible" for the United Nations to pay for Iraq's humanitarian needs "when numerous other urgent crises and disasters, from Bangladesh to the Horn of Africa, cry out for our attention."

He added, "Iraq has considerable oil reserves and should pay to meet these needs herself."

Claus Eckert/The Associated Press

BATON CHARGE — Police officers in Hamburg on Tuesday, driving protesters from a building site where members of a youth center had built a park. The Hamburg state government plans to build a public-housing apartment block on the site, but the members of the youth center contend there are enough empty apartments in the district.

Gorbachev Foes Warn of Ruin and Ask Military to Act

By David Remnick
Washington Post Service

MOSCOW — A group of hard-line Communists, including top figures in the army and the regular police, published an appeal Tuesday accusing supporters of political and economic change of leading the country to ruin and calling on the military and other "healthy forces" to save the country from "humiliation" and "fratricidal war."

In an obvious allusion to President Mikhail S. Gorbachev, the appeal asks how "we could have put in power those who do not love this country, who enslave themselves to foreign patrons and go looking for advice and blessings across the seas."

Deputy Defense Minister Valentin Varennikov and Lieutenant General Boris V. Gromov, a deputy interior minister and a hero in the war in Afghanistan, are among the 12 Communists who signed the appeal, "A Word to the People," published Tuesday in the conservative daily newspaper Sovietskaya Rossiya.

The appeal was published on the same day that the nonofficial newspaper Nezavisimaya Gazeta printed the Communist Party's new draft program, a radical document that rejects traditional Marxism-Leninism in favor of a system similar to European social democracy.

The platform, written by Mr. Gorbachev and an aide, Georgi Shakhnazarov, is likely to be at the center of a raucous political debate Thursday over the party's future at a meeting of the Central Committee.

Mr. Gorbachev's platform for a "humane, democratic socialism" rejects the premise of the last party program, adopted in 1961, which set a visionary goal of achieving communism by 1980.

By contrast, the new platform emphasizes a need for the Soviet Union to become an integrated member of the world community.

The signatures of Mr. Varennikov and General Gromov on the appeal are sure to cause fears once more of a military coup. Some commentators, such as Andrei Nuikin, say that the threat of a coup "cannot be ruled out" even now during a period of relative optimism among proponents of change, but such opinions are in a minority.

Nevertheless, the language of the appeal is a clear indication of just how unwilling the hardliners are to accept a platform that calls for the rise of a "mixed economy" and private property and admits that Marxism is but one of many useful systems of thought.

"A huge, unprecedented disaster has oc-

See SOVIETS, Page 6

For Peace Talks, Motives All Different, All Wrong

By Thomas L. Friedman
New York Times Service

JERUSALEM — Secretary of State James A. Baker 3d has managed to get Israelis and Arabs close to an agreement on a peace conference by persuading all of them to do the right thing for the wrong reasons.

None of the parties has agreed to come to the table because it suddenly decided that it wants true reconciliation with any of the others.

During Mr. Baker's stops in Syria, Saudi Arabia and Jordan, he could not even get the

NEWS ANALYSIS

leaders of those countries to utter publicly that the conference would lead to "direct talks with Israel." In each case Mr. Baker had to do it for them.

Privately, U.S. officials make no effort to disguise the fact that Syria has agreed to come because, having lost its superpower patron, the Soviet Union, it wants a new relationship with Washington. The Jordanians are agreeing to come because, having sided with Iraq in the Gulf war, they see cooperation with Washington as their best hope for diplomatic rehabilitation.

Saudi Arabia is agreeing to participate on the sidelines because President George Bush made it clear that this was the least it could do to thank Washington for saving it from Iraq. The Israelis are leaning toward coming because they fear that isolation and loss of aid might result if they don't. The Palestinians want to come because they are desperate for anything, and the Lebanese are coming because the Syrians told them to.

A peace conference by definition is not a knitting circle where friends get together. It is a place where warring parties come to resolve their differences, so the fact that these parties will be coming to the table with cynical motives is hardly unusual. To wait for them to do the right thing for the right reasons could mean waiting forever.

But what is different about this conference is what is motivating the cynicism. None of the parties is being induced to the table by the unbearable pain of war. Instead, each is trying to preserve or cultivate its relations with the world's last remaining superpower, in hopes that with the help of American leverage it can get from the bargaining table what it could not get on the battlefield.

The Bush administration, for its part, is pushing the peace conference, not because there is an immediate threat to its vital interests — as in the Gulf — but rather to prove that the Gulf war led to something more than the preservation of vital, naked interests. That is, something more than the destruction of half of Iraq's army and the preservation of the flow of oil at reasonable prices.

Peace in the Gulf alone does not resonate. It is not something Americans have been

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Kiosk

Soviets Prodded on Europe Missiles

WASHINGTON (AP) — The Bush administration Tuesday demanded a "full accounting" from the Soviet Union of intermediate-range nuclear missiles it says may remain in Eastern Europe in defiance of a 1988 treaty.

Even as final details were being put together in Geneva on a landmark treaty to reduce long-range nuclear missiles, the White House voiced strong objections to what it suggested were violations of the earlier pact.

"This is not a new issue, but it is a real outstanding issue and we continue to press it," said the White House spokesman, Martin Fitzwater.

General News

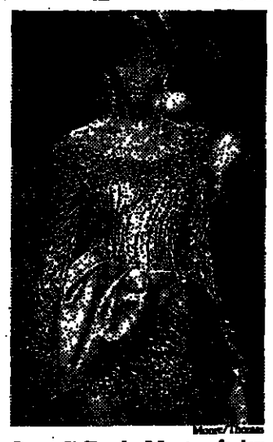
The U.S. finds that China is going to great lengths to violate textile import quotas. Page 3.
Wing cracks have been found on 2,900 U.S. F-16s. Page 6.
The Socialist Party of Japan elects a new chairman. Page 3.

Dow Close
2,983.23
Down
29.74

The Dollar In New York

DM	1.7595
Pound	1.6784
Yen	137.25
FF	5.9735

Crossword Page 7.



Monet/Thomas

One of Claude Montana's icy creations for Lanvin. Page 7.

In Surprise Move, Moscow Asks Full IMF Membership

By Keith Bradsher
New York Times Service

WASHINGTON — In a move that surprised the White House and put new pressure on Western governments to help Moscow, the Soviet Union has applied for full membership in the International Monetary Fund and the World Bank.

The Soviet action, announced Tuesday by both lending agencies, came less than a week after the leaders of seven of the world's richest democracies endorsed a more limited special association for the Soviet Union with the monetary fund.

Full membership would allow the Soviet Union, which is struggling to cope with a sharply shrinking economy and a growing foreign debt, to borrow from both institutions.

Associate status would permit the fund to offer only technical assistance, such as the training of Soviet officials and advice on how to rebuild industries and create such free-market institutions as a modern banking sytem.

A Bush administration official said Tuesday that Washington was not clear why Moscow had taken the action at this point.

The application, according to an official with the fund, was dated July 15, the day before President Mikhail S. Gorbachev arrived in London for the summit meeting. Washington does not know

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Latest in N.Y. Blackouts: Trapped and Baking Alive

By Michael Specter
Washington Post Service

NEW YORK — New Yorkers fear almost nothing. Sunday was the hottest day here in 14 years; people took it as a badge of honor. In the 24 hours that began at 3 P.M. on Friday, 17 persons were killed — a grisly new record that hardly anyone noticed.

But then terror struck. A 60-block area of central Manhattan lost its power, plunging skyscrapers into eerie darkness amid the most withering heat wave in more than a decade.

Thousands found themselves trapped in restaurants, hotels or high in offices that turned quickly into sweltering glass-enclosed prisons. The power failure lasted less than an hour during lunch hour on Monday, but for New York residents — many of whom can recall previous blackouts with grim clarity — that was more than enough.

"One lady started to sob a little," said Kirk Jones, an employee of the Dreyfus Fund, who was trapped for nearly 30 minutes in an elevator above the 56th floor of the Pan Am Building. "There was some praying, but most of us were cool. Well, not cool. But we weren't worried."

The outage cut power to more than 10,000 customers between Fifth Avenue and the East River, and between 53d Street and 44th Street, according to Consolidated Edison. But the number of people affected cannot readily be estimated, because a customer may be the renter of a studio apartment, or of a business that has thousands of employees.

People suddenly remembered the value of owning a flashlight. Camera stores reported runs on batteries and cheap radios.

The word blackout has painful connotations for many New Yorkers. Anyone who was here in 1965 or 1977, when the city was shut down, can remember where he was when the lights went out.

Most can recall the looting of 1977, when people smashed windows and scooped up merchandise as if they were contestants on a game show.

Nothing so dramatic occurred this time, but the power failure did bring the worst from some people.

Traffic patterns are never a pretty sight in midtown Manhattan, where gridlock is said to have been invented. Monday, without lights or the rule of law, motorists resembled extras from the set of this summer's most popular and violent film, "Terminator 2."

"We see a lot of extra trouble in heat like this," said a police officer watching the chaos on Park Avenue. "People get tense and angry. These things never seem to happen on a nice spring day."

Con Edison could not say for certain what shut down its 63d Street power station and caused the failure. The temperature officially reached only 89 degrees Fahrenheit (32 centigrade) on Monday afternoon, so officials there discounted the heat. And although energy demand had been at or near record levels for a week, they dismissed that as a reason that five transformers shut down.

"There are any number of things — a dozen, two dozen or more that can be responsible for a fault," said a Con Ed spokesman, Anthony Walden, shortly before a heavy rainstorm showered needed relief. "We are reasonably confident that with loads dropped off now we are secure."

Yugoslav Peace Bid Fails As Army Battles Croats

By Blaine Harden
Washington Post Service

BELGRADE — Another attempt by Yugoslav leaders to negotiate a peaceful ethnic division of the country failed Tuesday amid mutual accusations of bad faith and warnings to prepare for full-scale civil war.

There was renewed fighting Tuesday morning between Croatian policemen and federal troops near a bridge linking the republics of Croatia and Serbia.

[The federal army said two Croatian guardsmen had been killed and many people wounded during a six-hour battle with Serbian guerrillas in eastern Croatia, during which five houses were set ablaze with rockets and mortars, Reuters reported from Belgrade.]

In the bloodiest fighting so far this year, 20 people were killed Monday in eastern Croatia, near the Serbian border, during a mortar and machine-gun battle between Serbs and Croats.

A peace plan put together Monday by Yugoslav leaders meeting in the Macedonian resort town of Ohrid fell apart after Croatia's president, Franjo Tudjman, left the meeting and flew back to Zagreb.

Before leaving, Mr. Tudjman refused to sign the peace plan. It called for disbanding the Croatian police reserves, as well as disarming Serbian guerrillas fighting in that republic. Following this, the plan invited European Community observers to go to Croatia and federal troops to leave.

Mr. Tudjman, however, made the troop withdrawal a nonnegotiable demand at the meeting. He accused the army of being an instrument of Serbian aggression and insisted that it leave.

When leaders of the other republics refused to accept his ultimatum, Mr. Tudjman went home. Upon his return to Zagreb, he made an angry and chilling statement to Croatian television.

"I am here to call on the Croatian people to stay calm but resolute, not to get provoked into armed conflict ... and to be ready these days, maybe even for an all-out war," he said.

He explained that his government had "bought as much arms and equipment as we could."

"I am convinced," he added, "that we will be capable of making a success of putting up resistance to any attempted occupation or aggression upon Croatia and that we will be helped by the international community in doing so."

Croatia and its neighbor, Slovenia, declared independent from Yugoslavia June 25. Since then, fighting exploded in Slovenia and ended in a truce. Now battles are raging between Croats and well-armed Serbs in Croatia.

The fundamental conflict in Yugoslavia is

See CROATS, Page 6

America's Arab Partners Are Cool to Any New Strikes on Iraq

By Caryle Murphy
Washington Post Service

DAMASCUS — Arab governments that supported Operation Desert Storm are unlikely to give similar backing to any new U.S. air strikes against Baghdad because of widespread public opinion that the Iraqi people have already suffered enough, according to Arab officials and Western analysts.

A new U.S. military action against Iraq — even if it only involved strikes on suspected nuclear sites — would risk being seen as excessive by many Arabs, who are expressing ambivalence about the destruction suffered by what once was the most militarily powerful Arab country, these analysts said.

The Bush administration has indicated that it is preparing for possible military action unless Iraq fully discloses its clandestine atomic enrichment program by Thursday. The five permanent members of the United Nations Security Council told Iraq that it must reveal all relevant information about its weapons of mass destruction by then or face "serious" unspecified consequences.

Any renewed U.S. military action "will affect public opinion in the Arab world because they feel the Iraqi people have suffered a lot," said an Arab diplomat whose country participated in the coalition against Iraq.

Asked whether Arab governments would support new strikes, he replied, "It's not that easy to be accepted."

President Hafez Assad of Syria, who sent 20,000 troops to Saudi Arabia for the coalition against Iraq, replied, "Certainly not" when asked at a press conference last week if Damascus would join a new Western military action against Baghdad.

"We in Syria and in Egypt felt pain for what occurred to Iraq because the people of Iraq are part of the Arab nation and we feel sorrow for Iraq's present condition," he said.

"We are hopeful, of course, that what is referred to in this stage of striking Iraq will not happen. At any rate, if it happens, we shall say something that reflects what we really feel."

A professor of international relations at Georgetown University who recently visited Cairo, Michael Hudson, said he had heard from at least three Egyptian officials that another American-led military action would not be well-received by the Egyptian public.

Given such sentiment, any U.S. strike against Iraq could put President Hosni Mubarak, who has been Washington's most outspoken backer, "in quite a spot," Mr. Hudson added. Although Mr. Mubarak is unlikely to condemn any attack, his public remarks would have to take public opinion into account.

"While Egyptian public opinion supported the first action," Mr. Hudson said, "circumstances are different now."

The Egyptian officials "seemed to feel quite certain there would not be a lot of support for this," he said.

In both Syria and Egypt, he added, the feeling is that now that Kuwait is liberated, there is no need for further Western military action against Iraq.

Any attack is likely to evoke the sharpest reaction against the United States in Jordan, where sympathy for Iraq is particularly strong.

King Hussein criticized the war against Iraq, and sympathy for President Saddam Hussein still runs strong among Jordan's large Palestinian population.

Despite these reservations about any further military action against Iraq, Mr. Saddam continues to be shunned by his Arab counterparts despite his quiet diplomatic efforts to resume normal relations.

Mr. Assad was particularly open last week in his contempt for Mr. Saddam.

"We sent a message to Iraq in the last critical moments" before Operation Desert Storm broke last January, Mr. Assad said, "in which I linked Syria's destiny to that of Iraq in case an aggression befell Iraq following its withdrawal from Kuwait."

He said he had asked Mr. Saddam "to withdraw from Kuwait with dignity and pride."

He added: "Nevertheless, I received a very regrettable reply. It is incredible. There is no connection in content nor in form between what I wrote and what I received. So we were unable to do what might have saved Iraq."

Inkatha Will Repay Secret Funds It Got From Government

By Christopher S. Wren
New York Times Service

JOHANNESBURG — The black political movement Inkatha announced Tuesday that it would pay back 250,000 rand (about $70,000) that the government secretly provided to subsidize two political rallies.

The covert funding of the Inkatha Freedom Party, which The Weekly Mail, a leading anti-apartheid newspaper, disclosed on Friday, has undercut Inkatha's claim to political independence and produced the biggest scandal in the country in a dozen years.

Inkatha officials, speaking at a news conference in Pretoria on Tuesday, contended that the money had been deposited into Inkatha's account without the knowledge of its president, Chief Mangosuthu Buthelezi.

They issued a statement blaming a personal assistant of Chief Buthelezi, M.Z. Khumalo, for having failed to tell the Inkatha leader where the money had come from, for fear that Chief Buthelezi would reject it out of principle.

Mr. Khumalo, who did not attend the news conference, resigned Tuesday to spare Inkatha and Chief Buthelezi embarrassment.

"I can only hope that, in due course, my president will come to see that I only did what I thought was right at the time and that in his greatness, he will forgive me," an Inkatha statement quoted Mr. Khumalo as having said.

The explanation met with skepticism from journalists, who saw it as a desperate attempt to distance Chief Buthelezi from the scandal.

President Frederik W. de Klerk completed a two-day meeting with his cabinet at which the secret funding was presumably discussed. But he turned aside questions when he returned to Pretoria for a meeting with Chief Lucas Manyane Mangope, the head of the homeland of Bophuthatswana.

Mr. de Klerk, whose credibility has been damaged by the disclosure of the secret funding, said he would issue a full statement next Tuesday and follow it with a news conference.

Foreign Minister R.F. Botha acknowledged in an interview published Sunday that he had authorized the channeling of 250,000 rand from a special secret account to pay for the two Inkatha rallies, in November 1989 and March 1990.

Mr. Botha said the money he authorized had been budgeted to fight Western economic sanctions against South Africa. The Inkatha Freedom Party has raised the loudest black domestic voice against sanctions, which it says impoverish blacks by taking away jobs.

In an assertion that has come back to haunt him, the foreign minister denied nearly six weeks ago that the South African government was funding Inkatha.

At a news conference June 13, Mr. Botha criticized Foreign Minister Gareth Evans of Australia, who had just visited South Africa, for having promised to give about $1.4 million to the African National Congress, Inkatha's more prominent rival.

Helping one political party to the exclusion of others, Mr. Botha said, "creates a feeling of being left aside, pushed aside."

Alexander Joe/Agence France-Presse

Protesters climbing atop an army tank in Antananarivo after a state of emergency was proclaimed following a series of demonstrations.

Madagascar Calls a State of Emergency

The Associated Press

ANTANANARIVO, Madagascar — President Didier Ratsiraka declared a state of emergency in the capital Tuesday, and security forces reportedly arrested at least two leaders of the opposition coalition seeking his removal.

The crackdown came a day after opposition politicians, backed by thousands of supporters, marched into government ministries in a symbolic seating of their own self-declared government in the island nation off Africa's east coast.

Soldiers deployed in Antananarivo's main square Tuesday morning but withdrew by early afternoon as thousands of demonstrators surged into the area. The soldiers initially used a few tear-gas grenades, then apparently decided that they did not want a confrontation.

Those arrested included at least two and possibly more of the opposition's shadow ministers. The government issued arrest warrants for other politicians, including a senior opposition leader, Albert Zafy.

Mr. Ratsiraka's government remained in place, but the six-party opposition apparently hoped the existence of a parallel administration would undermine his authority.

The opposition is demanding replacement of the socialist constitution, an end to Mr. Ratsiraka's 16-year rule and free multiparty elections.

Outnumbered government soldiers did not resist Monday when cabinet ministers named by the opposition entered government ministries.

The 15-day state of emergency imposes an overnight curfew, bans public gatherings, reinstates press censorship and authorizes searches of private homes at any time.

Prime Minister Victor Ramahatra said in a radio address that the state of emergency was meant to "restore peace in the capital."

The opposition has been holding rallies since June 10. Mr. Ratsiraka met with opposition leaders July 15, prompting them to call off a general strike that had trimmed commerce and government services. But they came away from the talks dissatisfied and called for the strike to resume.

The next day, the opposition announced the formation of what it called a transitional government.

Revenge Surfaces as a Motive in Slaying of Top Arafat Aide

By Jonathan C. Randal
Washington Post Service

TUNIS — Six months after the slaying of the PLO intelligence chief, Salah Khalaf, a detailed document said by Palestinian sources to be the confession of his assassin has surfaced and suggests that Mr. Khalaf was killed by the Abu Nidal organization in revenge for his role in disrupting its terrorist operations.

The Jan. 14 killing, overshadowed by the Gulf war, which began two days later, weakened the Palestine Liberation Organization and deprived its chairman, Yasser Arafat, of a veteran companion and a political adviser with whom he had founded El Fatah, the mainstream PLO group.

The assassination also disrupted U.S. and European access to the valuable intelligence network maintained by Mr. Khalaf, also known as Abu Iyad. Despite the suspension of the PLO's dialogue with Washington in June 1990, highly placed Palestinian sources said that until his death Abu Iyad had "maintained intelligence links with the U.S.," either directly or through European governments.

Abu Iyad's associates still debate whether the assassin's alleged confession hides another culprit — a government in the region that might have sponsored Abu Nidal, such as Libya or Iraq, or even Israel.

And they complain that by executing the killer, Mr. Arafat has effectively closed the case while there are still loose ends. But details about who carried out the slaying and how are not in dispute.

Abu Iyad was shot and killed, along with the PLO security chief, Hayel Abdel Hamid, and another PLO official, in a Tunis suburb by a Palestinian, Hamza abu Zeid. According to high Palestinian sources, Mr. Abu Zeid confessed in an unpublished statement that he acted on orders from Sabri Banna.

Sabri Banna, better known as Abu Nidal, heads the Fatah Revolutionary Council, which was described by the White House two years ago as "the most dangerous terrorist organization in existence."

The Abu Nidal faction broke with Mr. Arafat two decades ago and is not affiliated with the PLO.

Palestinian and Western analysts concur that Abu Nidal was getting even with Abu Iyad for one of the biggest coups in recent intelligence annals.

After a decade's effort, Abu Iyad in late 1989 had masterminded the growth of dissension in Abu Nidal's once tightly compartmentalized organization. This effort led to the execution in Libya of more than 150 of Abu Nidal's small membership.

Several hundred Abu Nidal dissidents fled Libya, seeking Abu Iyad's protection in Algeria or Tunisia. Abu Iyad followed up in November by attacking Abu Nidal's militia in south Lebanon.

In return, Palestinian sources said, the dissidents provided Abu Iyad with the first detailed insight into Abu Nidal's modus operandi, including information about recruiting techniques, European bank accounts, multimillion-dollar arms deals, safe houses and a network of cells in Eastern and Western Europe, the Arab world, Southeast Asia and the Indian subcontinent.

Abu Iyad promptly turned over the information to Western intelligence as an earnest of the PLO's standing as a major player in what Mr. Arafat likes to call the Middle East's game of nations.

But within months, Abu Nidal had assigned Mr. Abu Zeid, one of his agents, the task of getting even, the alleged confession indicates. Abu Nidal succeeded in placing the 28-year-old gunman in Mr. Abdel Hamid's household guard in Tunis with orders to kill Abu Iyad if he ever visited the PLO security chief's home.

Mr. Abu Zeid had worked for Mr. Abdel Hamid from 1982 to 1985, but Mr. Abdel Hamid inexplicably refused to allow his security officers to check on Mr. Abu Zeid's activities in the intervening years.

He was employed as a household guard at Mr. Abdel Hamid's two-story villa in suburban Tunis, and when Abu Iyad was visiting on the rainy evening of Jan. 14, Mr. Abu Zeid tricked the maid into opening the main door. Whipping a Kalashnikov assault rifle from his raincoat, he aimed at Abu Iyad's upper body and fired on automatic.

Mr. Abu Zeid was trapped when Mr. Abdel Hamid succeeded in opening the outside door, thus alerting guards, before Mr. Abu Zeid gunned him down.

Mr. Abu Zeid surrendered to the police at 5 A.M., reportedly confident that Abu Nidal would continue his policy of frightening governments into freeing his arrested agents with terrorism threats.

Palestinian sources said such pressure helped explain why the Tunisian authorities allowed Mr. Abu Zeid to be turned over to the PLO after a month's incarceration and flown to Yemen. There he was tried and condemned to death by a PLO court despite further threats.

Early on, outsiders were convinced that Mr. Abu Zeid was working for Abu Nidal when the Tunisian police said the gunman had asked for Atef abu Bakr, a leading Abu Nidal dissident, to be brought to the scene of the crime.

Abu Iyad's associates regretted that PLO officials on Mr. Arafat's personal staff had frustrated their own efforts to pursue the investigation. They complained that the PLO had not pursued loose ends in the case, perhaps for fear that it might offend some of the beleaguered organization's few remaining friends in the Arab world.

Soviet Aide Says Shortage of Food Will Get Worse

Reuters

MOSCOW — Food supplies are worsening in the Soviet Union, and the country will find it difficult to make up shortages with imports because of insufficient hard currency, a farm official said Tuesday.

A deputy agriculture minister, N. Averyanov, said the drought-hit grain harvest this year would be between 195 million and 200 million tons after harvesting, compared with 218 million last year.

"It is clear that we will not succeed in getting by without imports," he said in the youth daily Komsomolskaya Pravda. "However, a general tendency to reduce them has been noticed." The Soviet Union, the world's biggest grain importer, suffered severe food shortages last winter, and some agricultural experts predict worse conditions this year. Official figures show that meat and milk production is falling sharply.

Japanese Nuclear Plant Shut

Agence France-Presse

TOKYO — A nuclear power reactor in the northeastern prefecture of Fukui was shut down Tuesday after steam leaked from a turbine.

Bush Sees Summit as Start of a New Era

As Theme, Shift From Confrontation to Economic and Regional Cooperation

By Andrew Rosenthal
New York Times Service

WASHINGTON — President George Bush wants his summit meeting in Moscow next week to be the start of an era in which economics and cooperation on regional issues dominate Washington's relations with Moscow, officials say.

The formal purpose of the meeting is to sign the first treaty that would reduce long-range nuclear weapons. Mr. Bush and President Mikhail S. Gorbachev concluded this accord at their meeting in London last week, after nine years of negotiations.

The leaders will also talk about a new phase of arms control, including the possibility of further reductions in nuclear arms, and about U.S.-Soviet cooperation in halting the spread of nuclear weapons around the world, a senior official said Monday.

"The headline is clearly not going to be arms control," he added. "This has to be the summit where you begin defining the relationship for the '90s, when the whole dynamic is going to shift more to economic and political and regional issues. That, certainly, will be the bulk of the summit next week."

According to tentative plans outlined by U.S. officials, Mr. Bush is to leave Washington early Monday for Moscow, where he will meet with Mr. Gorbachev over the following two days.

Officials said that Mr. Bush was expected to travel to Kiev, the capital of the Ukraine, on Aug. 1 as part of his effort to foster relations with leaders in the 15 republics.

Walking a fine line between encouraging opposition groups and supporting Mr. Gorbachev as the national leader, Mr. Bush is expected to meet with a group of leaders from the republics, including representatives of the Baltic region, and to talk separately with Boris N. Yeltsin, the president of the Russian Republic.

Marlin Fitzwater, Mr. Bush's spokesman, said the president's travel plans were not final and that the White House was considering other side trips, including one to Leningrad. He is expected to return to Washington on Aug. 2.

The ceremony surrounding the signing of the strategic arms reduction treaty, known as START, will provide much of the pomp and the most evident historical moment of the Moscow meeting. But the signing is likely to be overshadowed by other issues at the core of the new relationship.

Testing the cooperation between Moscow and Washington that was demonstrated by coordination of policy during the Gulf war, the two leaders will talk about joint efforts to resolve the Arab-Israeli dispute.

Officials said the White House announcement that Mr. Bush wanted Israel to reply to U.S. proposals for a Middle East peace conference before he flew to Moscow had been intended to ensure maximum progress before the Moscow talks.

Economic and trade issues will be high on the agenda of the Moscow talks. But officials said that Mr. Bush was no more prepared to offer Mr. Gorbachev major financial assistance than he was last week when the Soviet leader met in London with the heads of the seven major industrial democracies.

"Gorbachev went away from London saying he was satisfied enough, but clearly he wanted more," a Washington official said. "Our job is convince him that the things he specifically wanted, like a stabilization fund or debt restructuring, are putting the cart before the horse and that what he needs is first of all a program that is accepted by the international and business community."

With Mr. Bush under pressure from some of his allies to accelerate financial aid to the Soviet Union, U.S. officials said they expected Mr. Gorbachev to press for a more concrete program of assistance than Mr. Bush was willing to offer.

"Gorbachev's view, understandably, is something like, 'I've got to convince the political leadership, and all the rest falls into place,'" an official said.

"What Bush has to convince him of is that it isn't he, President Bush, that Gorbachev needs to talk to, but the bankers and businessmen. That means going to the International Monetary Fund and coming up with with a specific program."

Mr. Bush and Mr. Gorbachev plan to touch on regional issues apart from the Middle East, officials said, including Afghanistan and Cuba.

5 Hurt in Berlin In Fracas Laid to Soviet Emigrés

Reuters

BERLIN — Four Russian émigrés and a German were seriously wounded in a gunfight at a Berlin pizzeria apparently involving Soviet underworld elements.

Police said Tuesday that a Russian opened fire on diners in a pizzeria garden near the Kurfürstendamm, a shopping boulevard, on Monday night. One man in the group fired back, seriously wounding the assailant. The wounded were all admitted to the hospital.

Observers said the nationality of those involved indicated that Soviet-organized gangs were behind the shooting, but police refused to comment.

Security sources say increasing crime in the Soviet Union has spread to Berlin with the dismantling of travel barriers in Eastern Europe.

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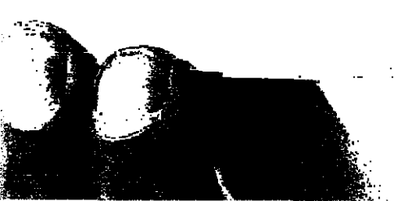
every Saturday in the IHT



WORLD BRIEFS

Meles Is Elected as Ethiopian Leader

ADDIS ABABA, Ethiopia (Reuters) — The National Assembly has unanimously elected the country's interim president, a former guerrilla leader, Meles Zenawi, as head of state and government, the state media reported Tuesday.

The Ethiopian News Agency said that Mr. Meles had been elected unopposed by the 81-member assembly as president of the country's transitional government. It added that two other candidates had withdrawn before the election on Monday.

Mr. Meles, in an acceptance speech, pledged to fulfill a national charter, adopted in early July at a conference of 24 political and ethnic groups, that would be a democratic blueprint for the country after 14 years of Marxist rule.

U.K. Balks at U.S. Plane Ban for Iran

LONDON (Reuters) — Britain on Tuesday challenged U.S. objections to granting a re-export license for American parts in six British Aerospace short-haul airliners destined for Iran.

British Aerospace had said Monday that Washington was blocking an export order for four BAe-146 commercial aircraft worth $100 million to Iran.

The Trade and Industry secretary, Peter Lilley, voiced concern at Washington's decision not to grant a license to re-export the U.S. content of the planes. "The government strongly supported BAe's application for the export of these civil aircraft," Mr. Lilley said. The BAe-146 has U.S.-made wings, computers and engines.

1,000 Killed in Sri Lanka Clashes

COLOMBO (Reuters) — More than 1,000 Sri Lankans have died during two weeks of the fiercest battles between Tamil rebels and government troops since separatists resumed fighting a year ago, a military spokesman said Tuesday.

A relief column of 2,000 soldiers found the bodies of 112 more Tamil rebels on Monday when they advanced toward a strategically located army camp that has been under attack for two weeks, the spokesman said. This brought the death count to 930 rebels and 87 soldiers, the military said.

Guerrillas of the Liberation Tigers of Tamil Eelam have been attacking the Elephant Pass army camp since July 10 with mortars, rocket grenades and small arms. The clashes were the fiercest since the rebels, fighting for a separate Tamil homeland in the north and east, broke off 14 months of peace talks in June 1990. Elephant Pass connects the northern Jaffna peninsula, a Tiger stronghold, with the rest of the island.

A Soviet Reader's Digest Is Launched

MOSCOW (AP) — Reader's Digest, a magazine that long crusaded against communism, began a Russian-language edition Tuesday in Moscow, Leningrad, Kiev and Kharkov.

The first issue of 50,000 copies, printed on paper imported from Finland, carries profiles of General H. Norman Schwarzkopf, the U.S. commander in the Gulf war, and U.S. Ambassador Jack F. Matlock Jr. It also contains seven pages of advertising, including ads for Western toothpaste, soft drinks, vodka and a Japanese computer firm. The publication's per-copy price is 3 rubles; the average Soviet wage is about 270 rubles a month.

Many regular Reader's Digest features will appear with Soviet twists. "It Pays to Increase Your Word Power," for instance, will appear as "Sila Slova," or "word power," to help readers learn English. Reader's Digest is published in 40 countries in 16 languages. With a paid circulation of 28 million, it is read by 100 million people monthly, a spokesman said.

U.S. Aide to Check on 'MIA Photo'

KUALA LUMPUR (AP) — Deputy Assistant Secretary of State Kenneth M. Quinn will fly to Hanoi soon to investigate a photograph purporting to show three Americans missing from the Vietnam War, a U.S. official said Tuesday.

In Bangkok, U.S. sources said a 10-man team from the Defense Department was in Thailand to investigate the photo, which was reportedly carried across the Thai border from Cambodia. They said Mr. Quinn also would visit Laos.

The grainy photograph, obtained by the Defense Department in September 1990, shows three men and a sign with cryptic wording. Relatives of three American airmen shot down in Vietnam and Laos say they are certain the photo depicts their relatives and is authentic.

For the Record

President Hosni Mubarak of Egypt left Tuesday for Britain, in the first such trip by an Egyptian head of state in 64 years. He will discuss the Arab-Israeli conflict with Prime Minister John Major. *(AFP)*

The leader of Zaire's main opposition party, Etienne Tshisekedi, rejected on Tuesday the post of prime minister offered to him Monday by President Mobutu Sese Seko, according to a spokesman for the Union for Democracy and Social Progress. *(Reuters)*

TRAVEL UPDATE

Portuguese bus drivers brought traffic chaos to Portugal on Tuesday with a 24-hour strike protesting pay and conditions. Their action followed strikes by rail workers, ferry crews and urban transport employees. Farmers, also, staged a protest, blockading highways with tractors. *(AP)*

The Istanbul Express and other trains linking Western Europe with Greece and Turkey must be rerouted through Hungary and Austria, Yugoslav rail officials said Tuesday. Passenger and freight trains were blocked in Croatia and Serbia amid ethnic strife near Vinkovci, a Croatian town 140 kilometers (90 miles) west of Belgrade. *(AP)*

The Weather

Forecast for Thursday through Saturday

North America
The New England and Middle Atlantic states will have a well-deserved break from the heat and humidity later this week. Some heavy rain will accompany the cooler weather from Virginia to Delaware. The prairies of Canada will be very warm.

Europe
A slow-moving storm will bring rain to Germany and Poland Thursday into Friday and to the northwestern USSR Friday into Saturday. France will be mainly dry with seasonable temperatures Thursday into Saturday. Southern Spain will be hot.

Asia
Heavy rains left over from Brendan will soak southern China near Hong Kong Thursday. Elsewhere, sweltering heat and stifling humidity will abound, especially from Beijing to Shanghai. Showers may trim the heat in Tokyo by Friday.

Europe

	Today High	Today Low Wx	Tomorrow High	Tomorrow Low Wx
	C/F	C/F	C/F	C/F
Algarve	33/91	21/70 s	33/91	21/70 s
Amsterdam	21/70	13/55 sh	21/70	13/55 sh
Athens	32/89	21/70 s	32/89	21/70 s
Barcelona	33/91	21/70 s	33/91	21/70 s
Belgrade	29/84	16/61 s	27/80	13/55 t
Berlin	22/71	12/53 t	22/71	12/53 sh
Brussels	22/71	15/59 sh	24/75	14/57 sh
Budapest	27/80	16/61 s	24/75	12/53 t
Copenhagen	22/71	14/57 pc	23/73	14/57 sh
Costa Del Sol	34/93	23/73 s	34/93	23/73 pc
Dublin	18/61	12/53 sh	17/62	12/53 pc
Edinburgh	17/62	11/52 sh	18/64	11/52 sh
Florence	31/88	18/64 pc	29/84	18/64 sh
Frankfurt	26/79	15/59 t	24/75	12/53 sh
Geneva	29/84	14/57 t	23/73	13/55 pc
Helsinki	21/70	12/53 s	21/70	12/53 sh
Las Palmas	31/88	24/75 pc	31/88	24/75 pc
Leningrad	22/71	14/57 s	22/71	14/57 pc
Lisbon	32/89	19/66 s	32/89	19/66 s
London	19/66	13/55 sh	20/68	13/55 pc
Madrid	35/77	22/71 s	36/97	22/71 s
Milan	29/84	16/61 pc	27/80	16/61 s
Moscow	27/80	14/57 sh	27/80	14/57 pc
Munich	26/79	16/61 t	23/73	12/53 sh
Nice	31/88	19/66 pc	31/88	19/66 pc
Oslo	18/64	12/53 pc	18/64	12/53 sh
Paris	23/73	13/55 sh	21/70	13/55 pc
Prague	25/79	14/57 t	23/73	11/52 sh
Reykjavik	14/57	4/39 pc	16/61	4/39 pc
Rome	31/88	18/64 s	31/88	18/64 s
Stockholm	18/64	12/53 pc	18/64	12/53 pc
Strasbourg	23/73	14/57 t	21/70	14/57 pc
Venice	29/84	16/61 s	27/80	16/61 sh
Vienna	26/79	14/57 pc	23/73	11/52 t
Warsaw	26/79	14/57 s	26/79	14/57 c
Zurich	28/82	17/62 t	24/75	13/55 s

Middle East

Ankara	29/84	17/62 pc	29/84	17/62 pc
Beirut	32/89	21/70 s	32/89	21/70 s
Cairo	32/89	18/64 s	33/91	18/64 s
Damascus	32/89	17/62 s	34/93	17/62 s
Istanbul	27/80	17/62 pc	27/80	17/62 pc
Jerusalem	32/89	19/66 s	33/91	19/66 s
Riyadh	41/106	24/75 s	42/107	24/75 s

Oceania

Auckland	16/61	8/46 sh	17/62	9/48 sh
Sydney	21/70	8/46 sh	20/68	8/48 sh

Asia

	Today High	Today Low Wx	Tomorrow High	Tomorrow Low Wx
	C/F	C/F	C/F	C/F
Bangkok	34/93	26/75 pc	33/91	26/75 pc
Beijing	30/86	23/73 pc	31/88	23/73 pc
Hong Kong	32/89	27/80 r	32/89	27/80 pc
Manila	34/93	24/75 pc	34/93	24/75 pc
New Delhi	37/99	29/84 t	39/102	29/84 pc
Seoul	29/84	21/70 pc	30/86	22/71 pc
Shanghai	33/91	24/75 pc	33/91	24/75 pc
Singapore	32/89	26/79 t	31/88	26/79 t
Taipei	34/93	24/75 t	34/93	24/75 pc
Tokyo	28/82	23/73 sh	30/86	21/70 pc

Africa

Algiers	34/93	21/70 s	34/93	21/70 s
Cape Town	18/64	7/44 pc	17/62	7/44 pc
Casablanca	32/89	20/68 pc	33/91	20/68 pc
Harare	27/80	11/52 pc	28/82	11/52 pc
Lagos	29/84	25/79 pc	29/84	25/79 pc
Nairobi	23/73	11/52 pc	23/73	11/52 pc
Tunis	36/97	22/71 s	36/97	22/71 s

Latin America

Buenos Aires	13/55	3/37 pc	15/59	3/37 pc
Caracas	32/89	23/73 pc	31/88	23/73 pc
Lima	20/68	14/57 pc	20/68	14/57 pc
Mexico City	24/75	14/57 t	24/75	14/57 t
Rio de Janeiro	23/73	13/55 pc	24/75	13/55 pc

North America

Anchorage	18/64	11/52 o	19/66	12/53 c
Atlanta	33/91	24/75 t	33/91	23/73 t
Boston	31/88	21/70 s	30/86	19/66 pc
Chicago	28/82	15/59 s	27/80	15/59 pc
Denver	21/70	13/55 t	28/82	15/59 t
Detroit	28/82	14/57 pc	28/82	15/59 pc
Honolulu	29/84	23/73 pc	29/84	24/75 c
Houston	34/93	27/80 t	36/97	24/75 t
Los Angeles	28/82	17/62 s	27/80	17/62 pc
Miami	33/91	25/77 t	32/89	25/77 pc
Minneapolis	27/80	15/59 pc	27/80	16/61 s
Montreal	25/79	14/57 pc	24/75	12/53 sh
Nassau	32/89	26/79 t	32/89	26/79 pc
New York	32/89	20/68 pc	31/88	19/66 s
Phoenix	41/106	27/80 s	40/104	28/82 s
San Fran.	22/71	13/55 s	22/71	14/57 pc
Seattle	26/79	15/59 pc	25/77	14/57 pc
Toronto	28/79	16/61 pc	26/79	16/61 sh
Washington	33/91	21/70 pc	31/88	20/68 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice.
All maps, forecasts and data by Accu-Weather, Inc.©1991

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Senate, L

By Stuart Au
Washington Post

WASHINGTON — U.S. C
pounced early one morning, as s
crossed the border from China i
enclave of Macao.

With the permission of the M
tore open the huge shipping cor
deals of thousands of sweaters, a
stores, all bearing phony labels sa
in Macao.

The deception was part of a
paign to ship an estimated $2 bill
into the United States last yea
standing international quotas lim
industrialized countries from the
ration officials said.
China's rapidly growing trade

L.A. Police He'll Retir

By Robe
New York

LOS ANGELES — Less tha
commission urged him to step as
has announced that he will retir
found by then.

Mr. Gates, who has held the p
decision in a letter to John Ferra
and in a videotaped message t
across the city Monday.

"I have chosen the month of
told his police officers. "Maybe
going on."

The decision ends several day
the aftermath of the commission'
motorist by several white poli
videotaped and shown across th

The commission found that th
and brutality, and it urged the
leadership.

Neither the letter nor the vide
hint about his future. But he ha
office as a Republican, and there
plans to run for mayor in 1993.

Under the Los Angeles Cha
protection and cannot be remove
Commission. But Mr. Gates's p
since the report was released July
whose chairman was Warren M.
secretary of state.

At a news conference Monday
who had earlier called in vain for
nationwide search was under wa
would meet the April date.

From Kenne

By Larry Rohter
New York Times Service

MIAMI — Prosecutors in the
rape case against William Kennedy
Smith say that they have uncovered
three previous incidents in which
Mr. Smith was accused of either
raping or attempting to rape women
and that they will seek to use
their accounts as evidence against
him.

In papers filed Monday in Palm
Beach County, Assistant State At-
torney Moira K. Lasch asserted

Sandinista

By Shirley Christian
New York Times Service

MANAGUA — The Sandinista
taken the first tentative steps toward
its leftist guerrilla past to create the st
a democratic political party.

But, during a party congress, the le
resumed control and fought off the de
dissidents for deeper changes, both in
ral structure of the party and in its
and world view.

Although they dropped references
pronouncements documents to Marxism-
or to a military role, the nearly 600
decided to continue calling their party
revolutionary and anti-imperialist.

They declared one of its basic princi
"democratic centralism," a Leninist

Stanford, Unde

New York Times Service

NEW YORK — Stanford Uni-
versity has announced that it will
change the way it accounts for fed-
eral research grants to keep inap-
propriate items, like cedar closets
and maintenance of a yacht, from
being included in research-related
costs billed to the government, as
they were in the past.

SPRI
Any time
With Sprint
It's conven
choose, you're
And Sprin
And you avoid
So when y
1988 Sprint introduces GLO

Senate, Debating Trade Status, Learns Chinese Textiles Are Coming in Back Door

By Stuart Auerbach
Washington Post Service

WASHINGTON — U.S. Customs Service agents pounced early one morning, as soon as the heavy trucks crossed the border from China into the tiny Portuguese enclave of Macao.

With the permission of the Macao government, they tore open the huge shipping containers and found hundreds of thousands of sweaters, all destined for American stores, all bearing phony labels saying they had been made in Macao.

The deception was part of a concerted Chinese campaign to ship an estimated $2 billion in low-cost garments into the United States last year in violation of long-standing international quotas limiting textile imports into industrialized countries from the Third World, administration officials said.

China's rapidly growing trade surplus with the United States in textiles and other products is providing more fuel for debate as the Senate nears a vote on maintaining China's status as a favored trading partner.

According to U.S. Customs Service and Commerce Department officials, China has gone to great lengths to evade textile quotas and get more of its clothing into the rich U.S. market. In some cases it has slipped garments across its border to Macao or Hong Kong.

U.S. officials have also reported intercepting falsely labeled shipments from countries that have not used up their U.S. quotas or are not restricted, such as Lebanon, Honduras and Panama.

The officials said they had investigated diversions through Gulf states, including Kuwait. They suspect that some Chinese garments entered the United States with labels indicating that they had been made in African nations.

A U.S. trade official said there had always been a limited amount of diversion by countries trying to ship more clothing than their quotas allowed. But, the official said, "the sheer volume and magnitude" of China's activities have forced the U.S. government to take action.

Stephen DeVaughn, the acting director of the Customs Service's Office of Investigative Programs, said the government was seeking criminal indictments against American importers in at least six instances for conspiring with Chinese manufacturers to ship falsely labeled clothing to the United States.

"They were trying to beat the quotas," he said.

The sweaters found in Macao last year were worth $85 million to wholesalers in the United States, officials said. President George Bush announced Friday that the government had found another $14 million worth of falsely labeled Chinese-made garments being shipped through other countries.

U.S. trade officials said at a hearing of the Joint Economic Committee last month that the quota-beating textile shipments constituted just one element of China's efforts over the past three years to increase foreign-exchange earnings by boosting overseas sales and decreasing the foreign goods allowed into China.

As a result, according to a CIA report released at the hearing, the United States has become China's "foremost export market," accounting last year for one-fourth of its foreign sales.

Chinese sales into the U.S. market jumped an average of 30 percent a year through the 1980s, the Central Intelligence Agency reported, 10 times as fast as China's purchases of U.S. goods. That pattern continued last year, when China's exports increased 27 percent, to $15.2 billion, and its imports of U.S. products dropped 17 percent, to $4.8 billion. The figures do not include the illegal textile trade.

The shifting trade patterns have figured only marginally in the sometimes heated debate in Congress over Mr. Bush's request to renew China's "most-favored-nation" trade status, which grants all Chinese products — including textiles that are within the quotas — the lowest duties of any U.S. trading partner.

In the congressional discussion on the trade status, Beijing's human rights record and its sales of missile and nuclear technology to Middle Eastern hot spots generally have drawn more congressional opposition than China's trade activities.

But in a letter aimed at easing congressional concerns, Mr. Bush promised Friday to initiate unfair-trade complaints if Beijing continues to restrict imports and to take additional action if China persists in trying to evade textile quotas.

U.S. officials said that the huge American clothing market was such a tempting target, and that China's capacity to produce low-cost garments was so great, that quota evasion was inevitable.

"There is an enormous incentive for transshipments to occur," said John P. Simpson, deputy assistant Treasury secretary.

L.A. Police Chief Says He'll Retire in April

By Robert Reinhold
New York Times Service

LOS ANGELES — Less than two weeks after an independent commission urged him to step aside as chief of police, Daryl F. Gates has announced that he will retire in April if a replacement has been found by then.

Mr. Gates, who has held the position for 12 years, announced his decision in a letter to John Ferraro, the president of the City Council, and in a videotaped message that was played at police roll calls across the city Monday.

"I have chosen the month of April 1992 to retire," Mr. Gates, 64, told his police officers. "Maybe that will stop all the nonsense that's going on."

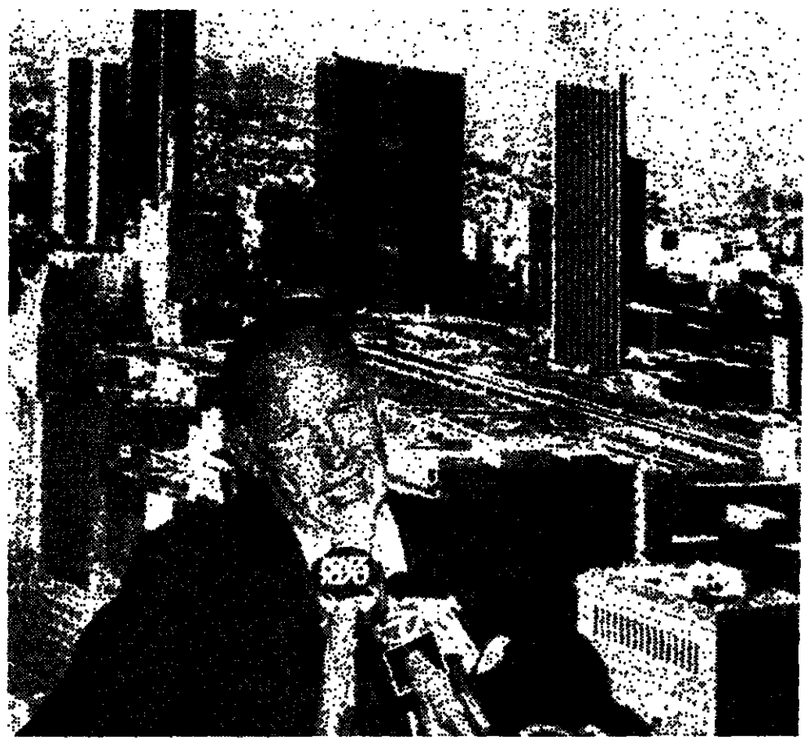
The decision ends several days of confusion and maneuvering in the aftermath of the commission's inquiry into the beating of a black motorist by several white police officers on March 3 that was videotaped and shown across the nation.

The commission found that the department had tolerated racism and brutality, and it urged the beginning of a "transition" to new leadership.

Neither the letter nor the videotape from Mr. Gates included any hint about his future. But he has considered running for political office as a Republican, and there is widespread speculation that he plans to run for mayor in 1993.

Under the Los Angeles Charter, the chief enjoys civil service protection and cannot be removed by the mayor or the civilian Police Commission. But Mr. Gates's political support has eroded badly since the report was released July 9 by the independent commission, whose chairman was Warren M. Christopher, a former deputy U.S. secretary of state.

At a news conference Monday afternoon, Mayor Tom Bradley, who had earlier called in vain for Mr. Gates's resignation, said that a nationwide search was under way for a new chief and that the city would meet the April date.



Lee Celano/Reuters

Gates revealing his decision, after an inquiry found that his department tolerated brutality.

ASEAN Will Send an Envoy To Press Burma on Rights

By Michael Richardson
International Herald Tribune

KUALA LUMPUR — Southeast Asian nations, under strong pressure from the West to help end repression in Burma, will send a senior envoy to Rangoon to register concern, officials said Tuesday.

But in deciding that Raul Manglapus, the Philippines foreign secretary, should make "constructive" representations to the junta in Burma, the Association of South East Asian Nations reaffirmed its opposition to punitive measures advocated by the West.

The United States announced earlier that it was imposing trade sanctions against Burma, the world's largest opium producer, because of lack of progress in stanching the flow of narcotics and ending human rights violations.

Richard A. Boucher, a deputy spokesman for the U.S. State Department, said in Washington that the Bush administration had decided not to renew a bilateral textile agreement that covers about 40 percent of Burma's total exports to the United States.

In international talks at Kuala Lumpur, U.S. officials charged that Burma's military leaders were profiting from the lucrative international trade in heroin, which is derived from opium.

Burmese heroin has been flooding into North America, Australia and countries of Asia.

The officials said Washington had recently asked China, by far the largest arms supplier to Burma, to halt sales, but they declined to say what the response had been.

One official put the value of China's arms sales to the Burmese junta at $1 billion or more.

The sales reportedly include jet aircraft, tanks, armored personnel carriers and large amounts of small arms and ammunition, much of which is being used by the Burmese armed forces against political dissidents and minority groups, the officials said.

James A. Baker 3d, the U.S. secretary of state, raised concerns about Burma in a meeting Tuesday in Kuala Lumpur with the Thai foreign minister, Arsa Sarasin.

Thailand shares a long border with Burma and, like several other Southeast Asian nations, has extensive dealings with Rangoon.

The United States, Canada, the European Community and Australia earlier had urged Asian states to use their influence to ease repression in Burma.

Other nations taking part in the talks, which end Wednesday, are Japan, South Korea, New Zealand and the six ASEAN members: Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Before Mr. Baker arrived in Kuala Lumpur, a U.S. undersecretary of state, Robert B. Zoellick, said in a speech at the opening session that without a collective effort, the people of Burma would continue to be subject to arrests and intimidation and the military would continue to refuse to honor the results of elections that took place in 1990.

"Undeveloped and undemocratic, Burma will poison the region with narcotics and remain a cancer of instability," Mr. Zoellick said.

Since 1988, when the Burmese military killed thousands of civilians in suppressing a democratic uprising, many Western nations have banned arms sales to Burma, suspended aid and halted financial assistance.

ASEAN states and China have refused to join the boycott.

ASEAN officials said Tuesday that the boycott would only stiffen the resistance of the junta and make it more difficult to bring about change in Burma.

Mr. Arsa said Thailand did not condone what was happening in Burma but felt that isolating the country would not work.

Instead, he said, a process of "constructive engagement" is needed to persuade the Burmese authorities that change is in the country's interests.

Mr. Manglapus said he hoped to visit Burma soon, but he denied that the trip was the result of Western pressure.

"I want to visit as a friend and neighbor so that I can determine how we can work with them in moving forward in all ways that are necessary for their welfare," he said.

■ A Plea for Mongolia

In a closed session of the ASEAN meeting Tuesday, Mr. Baker urged Southeast Asia and its major trading partners to help Mongolia, comparing the political changes in that country to those that transformed Eastern Europe, The Associated Press reported from Kuala Lumpur.

Mr. Baker told the delegates that Japan had agreed to be the host of a conference on aid to Mongolia, which ended decades of Communist rule and held multiparty elections last year. He called the changes in Mongolia "truly democratic."

Mr. Baker heads to Mongolia on Thursday.

Officials accompanying Foreign Minister Taro Nakayama confirmed that Japan would be the host of such a conference, but they did not say when it would be held.

From Kennedy Nephew's Prosecutors, New Rape Allegations

By Larry Rohter
New York Times Service

MIAMI — Prosecutors in the rape case against William Kennedy Smith say that they have uncovered three previous incidents in which Mr. Smith was accused of either raping or attempting to rape women and that they will seek to use these accounts as evidence against him.

In papers filed Monday in Palm Beach County, Assistant State Attorney Moira K. Lasch asserted that Mr. Smith raped a woman in Washington in the spring of 1988. Ms. Lasch said she intended to use the incident as evidence that Mr. Smith, the 30-year-old nephew of Senator Edward M. Kennedy, a Massachusetts Democrat, had committed acts similar to the rape he is charged with here.

The prosecutors also alleged that Mr. Smith had tried to rape two other women. The first such encounter described in the court papers is said to have taken place in Manhattan in the summer of 1983, and the second in Washington in the spring of 1988.

The police in Washington and New York have said, however, that there is no record of any charges lodged against Mr. Smith for sexual assault or other felonies.

Legal experts not connected with the case said that they regarded the new filing as an attempt by the prosecution to bolster its case by establishing that Mr. Smith had a history of similar offenses. Under Florida law, "similar fact evidence of other crimes, wrongs or acts is admissible when relevant to prove a material fact in issue."

In both of the two attempted rapes, the court documents said, Mr. Smith "forcibly restrained" the women but "failed in the perpetration or was intercepted or prevented in the execution of said offense." He was said to have tackled and fondled one of the women and to have "thrown down" the other.

Mr. Smith is scheduled to go on trial on Aug. 5 on charges that he raped a 29-year-old Florida woman at the Kennedy family's Palm Beach estate on March 30. Mr. Smith has pleaded not guilty.

In the absence of any formal charges filed at the time of the alleged attacks, it was not clear how the prosecution intended to document the allegations.

At an earlier hearing, Ms. Lasch had dismissed as "irrelevant" the question of whether Mr. Smith had engaged in "prior misconduct."

Sandinistas Come In From Leftist Ledge

By Shirley Christian
New York Times Service

MANAGUA — The Sandinista front has taken the first tentative steps toward giving up its leftist guerrilla past to create the structure of a democratic political party.

But, during a party congress, the leadership retained control and fought off the demands of dissidents for deeper changes, both in the internal structure of the party and in its ideology and world view.

Although they dropped references in the organizational documents to Marxism-Leninism or to a military role, the nearly 600 delegates decided to continue calling their party socialist, revolutionary and anti-imperialist.

They declared one of its basic principles to be "democratic centralism," a Leninist concept that reinforces internal control of the party from the top.

After three days of debate, the delegates voted Sunday to retain in the nine-member National Directorate most of the former guerrilla commanders who dominated Nicaragua in the nearly 11 years of Sandinista power.

Daniel Ortega Saavedra, who was president of Nicaragua until losing elections to Violeta Barrios de Chamorro and a broad opposition coalition last year, was elected to serve as secretary-general in addition to continuing on the directorate.

Two longtime members of the Sandinista inner circle who had not previously been on the directorate — Sergio Ramírez Mercado and René Núñez Téllez — were elected to replace General Humberto Ortega Saavedra, who had resigned as a condition of his remaining army commander under the Chamorro government, and Mr. Núñez's brother Carlos, who died of cancer in October.

The 120 members of the Sandinista Assembly were elevated in authority so that it is theoretically superior to the National Directorate, which was previously all-powerful. But Daniel Ortega and the eight other members of the directorate will continue to run the organization day to day.

Tomás Borge Martínez, the last surviving founder of the Sandinista front, who was interior minister and head of the secret police during the years in power, argued that conditions for replacing the original leadership were not right within the party or in the country.

Japanese Socialists Elect A Pro-Military Chairman

By T. R. Reid
Washington Post Service

TOKYO — Japan's leading opposition party took a step from the left toward the political center Tuesday as Socialist Party members elected a relative moderate, Makoto Tanabe, to be party chairman.

Mr. Tanabe, 69, a career politician, will replace Takako Doi, the first woman to become the head of a major party here. On issues like military relations with the United States and new missions for Japan's defense force, Mr. Tanabe is likely to be more supportive than Ms. Doi was.

Mr. Tanabe appears to be a less colorful figure than Ms. Doi, who announced her resignation June 21 after five years as leader. She was well-known for her sharp opinions and her personal style.

However, she had not had much success recently. She led the Socialists to victory in the 1989 national elections, depriving the Liberal Democrats of their majority in the upper house of the Diet. But she has been stymied since as the Liberal Democrats increased their strength while the Socialists ran poorly in recent elections.

The election of Mr. Tanabe suggests that the party will move away from its pacifist stance toward closer rapprochement with the dominant party. That was the basic course laid down in a policy plan that Mr. Tanabe proposed going into this party election.

The Tanabe plan suggests a willingness to consider new jobs for Japan's military, known here as the Self-Defense Force. That is a fairly striking position for the Socialists, who have traditionally argued that the existence of military forces violates Japan's pacifist constitution.

Mr. Tanabe appears willing to consider Socialist support for the Liberal Democrats' proposal to let Japanese forces take part in some United Nations peacekeeping operations.

Pinatubo Debris Buries Thousands of Homes

Compiled by Our Staff From Dispatches

MANILA — Walls of mud and debris tumbled down Mount Pinatubo's rain-swollen rivers Tuesday, burying thousands of homes around the volcano and forcing more than 60,000 people to flee.

At least five people had died in two days of flooding as heavy rains loosened tons of debris from the slopes of the volcano, which began erupting last month.

The flooding began Monday as a tropical storm swept through the region. In some villages, walls of mud and debris three meters (10 feet) high swept down riverbeds, leaping channels and burying homes.

The volcano has continued to spew small amounts of ash. Seismologists recorded 40 tremors Tuesday.

The government's chief volcanologist, Raymundo Punongbayan, said that the danger of landslides near the volcano would persist for months and that the recent mudflows were just the beginning.

The volcano has spewed ash and other debris that have covered the surrounding countryside and done sufficient damage to nearby Clark Air Base to prompt the United States to decide to abandon it.

Officials said Tuesday that a new treaty on the bases between the Philippines and the United States would be signed by the end of the month and then be submitted for ratification. *(AP, AFP)*

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Stanford, Under Fire, Revises How It Handles U.S. Grants

New York Times Service

NEW YORK — Stanford University has announced that it will change the way it accounts for federal research grants to keep inappropriate items, like cedar closets and maintenance of a yacht, from being included in research-related costs billed to the government, as they were in the past.

The changes are designed to clear Stanford's reputation and give the university more precise accounting for the millions of dollars in research grants and overhead costs it receives from the federal government.

Revelations over the past year that the California university had charged the government more than $1 million in ineligible overhead costs have damaged the reputation of the university and its president, Donald Kennedy, and led to a re-examination of the government's methods of paying for research at all universities.

The changes at Stanford, which were announced Monday, establish a written code of ethical behavior for university officials. They also set up a system for dealing with employees who report suspected fraud and alter general accounting practices. Stanford also agreed to have the accounting firm Arthur Andersen & Co. go over university budgets as far back as 1983 to remove potentially controversial charges.

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Herald Tribune INTERNATIONAL
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OPINION

A Momentum for Peace

Outlook Is Hopeful

Like a rare conjunction of planets, nine of the parties that can bring a just peace to the Middle East have orbited into single plane; the world waits for a tenth. And on Monday, Israel gave signs that it, too, may fall into line. For Syria to agree to attend a peace conference with Israel, says Prime Minister Yitzhak Shamir of Israel, is a welcome change in Syrian policy.

That is more than words. Mr. Shamir knows how eager Israelis are to embrace certified signs of progress. Even the conservative police minister, Galei Zahal, sees the verge of a dramatic breakthrough in relations with Syria.

But these are not answers, only portents. For the peace process to go forward, Israel will have to give prompt and clear agreement to an international peace conference, followed immediately by direct negotiations with Arab parties. And courage is also required from Arab participants, to allay Israelis' sense of sacrifice and risk.

Secretary of State James Baker did not create the conjunction of the Mideast planets; what he has done with remarkable tenacity and skill is to manage the gravitational effects. As a result, Israel needs no more pressure to say yes; it already feels unrelenting pressure from both carrot and stick.

The carrot is the loan guarantee for $10 billion that Israel wants from the United States to help absorb the immense inflow of Soviet émigrés. The stick is the momentum Mr. Baker has orchestrated for negotiations. The push toward peace began when Egypt showed in 1978 that an Arab state could coexist in peace with Israel. Then, four years ago, the Soviet Union signaled that it was withdrawing from East-West rivalry in the region, shocking Syria, a Soviet client for weapons.

The Gulf war has altered the interests of other parties. Operation Desert Storm gave Saudi Arabia and Kuwait abundant reason to please the United States by moderating their hostility toward Israel. Jordan and the Palestinians have been vastly weakened by siding with Saddam Hussein. And for Syria, together with Lebanon, to say yes to negotiations creates genuine momentum for peace.

Secretary Baker has managed to achieve it by finding ways to turn philosophical difference into practical steps. The process would be furthered if Israel were assured that the ceremonial international conference would be followed immediately, even within a day, by direct negotiations with the several Arab parties.

It would be constructive for King Hussein to make clear his willingness to facilitate Palestinians' participation by including them in his delegations. And President Hafez Assad could usefully reaffirm his willingness to negotiate.

The world knows how fragile prospects for peace can be in the Middle East; countries can fall out of conjunction as swiftly as planets. Even so, one needs no telescope to see the wide, and widening, chance for progress, the largest since the Camp David accords of 1978. At this moment in 1991, the outlook has gone from wishful to hopeful.

— THE NEW YORK TIMES.

Hard Choice for Israel

It was always so that making peace was going to be more difficult for Israel than making war. War could be seen as the solution by Israelis alone of an imminent problem of security or survival — a response to threat that would come naturally to a state established and still living in the shadow of the Holocaust. Peace, however, required mortgaging Israeli security and peace of mind to all the uncertainties of a volatile region and unpredictable world — most of all, to a dependency on others, friends at a distance and former foes close by. In the last few days, as the pieces of the post-Gulf war Middle East puzzle have been falling into place, this is the "agonizing" place (Brent Scowcroft's word) to which Israelis have come.

True, even if the peace conference and face-to-face talks contemplated by American diplomacy start being translated into reality, the validity of any new arrangements that are made will need years of anxious testing. It seems evident, nonetheless, that a promising vista is opening. Led by Syria, which now counts most, the Arab states are following Egypt's enlightened example (though not yet its bold tactics) and moving into a negotiating mode under primarily American sponsorship. After 40-odd years they are showing traces of their own hedged sort of political courage and realism. In this sense, Israel has already won some major part of its great battle for acceptance in the minds of Arabs, although of course the all-important terms remain to be nailed down.

Preliminary Arab concessions in hand, the United States seeks a prompt Israeli response to its proposal for a peace conference and, separately, to the notion of a trade-off of an Israeli West Bank settlements freeze and an end to the Arab economic boycott. All this puts a heavy burden on Prime Minister Yitzhak Shamir. It was easy enough for him to shrug off the basic, internationally accepted formula of an exchange of territory for peace while Arabs looked intransigent. To the extent that Arabs impart to the idea of peace the concrete content so long and fairly demanded by Israel, however, the Israeli hold on occupied territory without its Palestinian residents' consent must also be reviewed.

On the political level, Mr. Shamir is caught between the American pressure to say yes and his right-wing annexationist Likud colleagues' insistence on saying no. On a deeper level, he is caught between memory and responsibility — the memory of Jewish peril, the responsibility to seize a moment in history that could help deflect another peril.

— THE WASHINGTON POST.

Who Got BCCI's Money?

As a financial scandal, the BCCI affair offers the clearest of lessons. The first is that the present style of country-by-country regulation is not sufficient to control a bank that wants to evade it. Through an intricate structure that straddled national boundaries, the Bank of Credit and Commerce International was able to circumvent the rules and the people who enforce them. Its collapse now demonstrates the immense losses and distress that a failure of regulation can impose on the innocent people who are a bank's depositors.

Although BCCI was doing business in the United States, the American regulators never allowed it — fortunately — to take deposits. But it took deposits from the public in dozens of countries from Britain to Hong Kong. In Britain, the deposit system will reimburse depositors only 75 percent of their losses and only up to about $25,000. In other countries, depositors are finding that they have even less protection. Many have been wiped out.

The purely financial aspects of the BCCI case will be the easiest to remedy. It is pretty safe to say that no other bank will be allowed to put its nominal headquarters in a small country like Luxembourg, with weak financial policing, while it carries on its main business elsewhere.

But the purely financial scandal is less menacing than the larger political scandal that is beginning to be apparent. BCCI not only operated for years in America and, as it has acknowledged, laundered drug money, it illegally gained control of a large bank, First American Bankshares (whose depositors, incidentally, are insured by the federal government up to $100,000). It seems to have been not only in the drug business but in the arms business as well, and according to some accounts it was financing arms sales to Iraq. Whose interests was BCCI serving, and exactly who was running it?

The majority shareholders of BCCI, the sheikh of Abu Dhabi and its government, complain bitterly in advertisements in newspapers that they were proceeding with a plan to restructure it. The regulators made a terrible mistake, they argue, in seizing the bank and shutting it down. If the bank was riddled with fraud, as the Bank of England has declared, it is difficult to see how the regulators could have done otherwise. But the authorities have an obligation to be more explicit about the fraud.

It appears that enormous amounts of money, running to billions of dollars, are missing from the bank. Particularly in view of the political connections and interests that the bank seems to have maintained, it is essential to know what happened to it. Who got the money?

— THE WASHINGTON POST.

Other Comment

Room for Trees in Europe?

Europe lost much of its virgin forest early, from sheer development. Britain's New Forest was an early effort at conservation, promulgated by William the Conqueror in 1079. The legends of Robin Hood reflect resistance by common people to the class implications of forest preservation laws. Part of the ferment of the American Revolution was resistance in New England to the king's monopoly on tree trunks suitable for ship masts. The need for such tree trunks helped stiffen London against American independence, and fueled the exploration that led to much of the conquests by the British Empire.

What would Europe be without its New Forest and Black Forest and counterparts in every country? It may find out. The fifth annual forest damage survey by the UN Economic Commission for Europe found defoliation growing in 16 of the 26 countries surveyed. Particularly hard hit are older spruce, fir and oak. Industrial air pollution is the chief culprit, of course, concentrated in Eastern Europe. Byelorussia, Czechoslovakia, Hungary and Eastern Germany had some of the worst damage increase in 1990 from the year before. But so did Britain and Portugal. Dry summers and mild winters added to the toll.

Europe gave the world the industrial revolution. But Europeans treasure their woodlands as integral to their culture. Europe must prove that development and nature can coexist, if it wishes Africa or South America or Australia also to heed the plea of environmentalists.

— The Baltimore Sun.

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Pro-Reform Chinese Need More Trade, Not Less

By Li Xianglu and Lu Mai

NEW YORK — Since the violent suppression of the student movement in Tiananmen Square in June 1989, condemnation of the government has been near universal. But revoking its most-favored-nation trade status with the United States or attaching conditions is the least effective means of improving China's human rights picture.

This move would punish the wrong people by damaging economic reform that is helping bring about a free market. Chen Ziming, a prominent dissident, agrees. Although sentenced to 13 years for his role in the 1989 demonstrations, Chen Ziming suspended a hunger strike lest U.S. critics of China use his protest as a reason to revoke most-favored-nation status.

Such revocation is the last thing reformers in Beijing want. The economic innovations of the late '70s have produced a private sector and market-oriented collectives, which have liberated hundreds of millions of peasants from deep poverty and state control. The introduction of new ideas from the outside world and growing freedom in the newly pluralistic economy has generated pressures for social and political change.

Foreign trade and investment are the driving forces behind the growth of the private sector. The State Statistical Bureau says that in 1990, while the output of state enterprises grew at an annual rate of about 4 percent, the private sector's output grew at a rate of more than 20 percent and that of enterprises involving foreign investment leaped by more than 30 percent.

Some point to the release of the dissident Fang Lizhi and a select few prisoners as evidence that the government can be bullied by the threat of losing its trade benefits. But these meager results are mostly the outcome of quiet U.S.-China negotiations. There is ample evidence that Beijing is prepared to endure substantial costs rather than succumb to international pressure.

Public posturing over China's most-favored-nation status and proposed conditions to renewing it challenge the leadership's legitimacy. Such demands hand conservatives an excuse to play on xenophobia, which is never far from the surface. The destructiveness of xenophobia in modern China is still a vivid memory.

Real human rights improvements will come only from systemic change. Foreign trade and investment and the demands they put on the centralized command economy promote such change and support those people who are pressing for structural reform.

Critics of the Chinese leadership erroneously suppose that canceling most-favored-nation status would create economic difficulties that would eventually lead to a popular uprising and the fall of the government. Since 1949, however, the government has weathered repeated economic crises by appealing to nationalism and renewing central planning.

Those harmed by the revocation of special trade status will not turn their frustration and anger against the government. Instead, reduced economic opportunities outside the state system will force them to return to dependency on the government.

Withdrawing that status would provide the hard-liners with an excuse to recentralize control and curtail the influence of foreign economies.

The hard-liners surely prefer things that way, for economic prosperity, rapid growth of the private sector and integration into the world economy are beyond the old system's control.

A gradual and peaceful transition to democracy is in the interests of the 1.2 billion Chinese, the United States and the rest of the world. Only economic prosperity and political openness can make democracy achievable. The extension of most-favored-nation status without conditions will help promote these fundamental changes.

Li Xianglu was personal assistant to Zhao Ziyang, the ousted Communist Party chief. Lu Mai, who directed China's rural reform experiments, is doing research at Harvard University. They contributed this comment to The New York Times.

Toward World Recognition of a Right to Secede?

By Lloyd N. Cutler

WASHINGTON — In a federal system of government, does a member state have a unilateral right to secede from the union? This question has become a burning issue of domestic and international law.

The United States is a democratic federation of "sovereign" states. The U.S. Constitution is silent on the right of any state, once it voluntarily joins the union, to secede at any later time. But when the Southern states adopted resolutions of secession in 1861, the federal government disputed their right to do so. The Civil War forcibly established the American legal principle, later sustained by the Supreme Court, that no state or group of states has the unilateral right to leave the union.

That principle, so deeply and bloodily embedded in America's history, is coming under serious challenge throughout the world. Now that Slovenia and Croatia have declared their independence from Yugoslavia, the world community has opposed the federal government's use of force to put down the secession.

The world community has taken the same position on the Soviet Union's resistance to the secession efforts of the Baltic states and Georgia, Armenia and Moldavia.

In the Czech and Slovak Federative Republic, now in the process of drafting a new democratic constitution, the Slovaks are insisting on a preliminary treaty between the "sovereign" Czech and Slovak republics expressly affirming the unilateral right to secede from the federation.

Does this mean that unilateral secession from a federation is becoming a recognized human right under domestic or international law? The world seems to be moving in that direction, but there are numerous legal and practical obstacles in the way.

In most federal systems, the constitution contains no express right of secession. The Soviet constitution does recognize a right to secede, but it is silent as to the terms on which secession may occur. The United Nations Charter recognizes the "self-determination of peoples" as a human right, but it does not define a "people" or say whether "self-determination" includes the right to secede from an existing sovereign state.

Most legal scholars agree that the concept of a "people" does not cover a national, racial, religious or linguistic minority within a sovereign state. Even for a "people," most scholars opine that the right of "self-determination" extends only to some form of local autonomy, as in Spain.

But some scholars do recognize a possible right of secession for a constituent republic of a federation, especially those, like the Baltic states, that were forcibly incorporated into a federation against their will. The United Nations, however, has never supported a secession movement.

Legal barriers to secession can be overcome if the constitution of a federation expressly recognizes a unilateral right of secession and spells out the terms, or if the federal government and the citizens of the other member states recognize an implied right of secession. But the practical difficulties are even more formidable.

Most modern states have enormous state assets and liabilities. When part of a unitary state or a constituent member of a federal state secedes, how are these assets and liabilities to be divided?

Suppose California or New York seceded, or suppose the 50 U.S. states went 10 or 50 separate ways? The division of assets, liabilities, memberships and responsibilities would be infinitely more complex than in the breakup of a marriage. And after the divorce, the separated states, unlike husbands and wives, would still have to live in peace side by side.

Mikhail Gorbachev, therefore, has a point when he says that before any Soviet republic can invoke its constitutional right to secede, a mutual agreement on the division has to be worked out. Under a 1990 Soviet law, a transition period of five years for this purpose is now required before any declaration of secession can take effect.

As Europe federalizes itself into an expanded Community, many ethnic proponents of secession say that the large nation-state is outmoded, and that the expanding union of nation-states should allow every ethnic group that forms its own state to join the Community directly. But there are practical limits on how many states the Community can afford to include in its federal system.

The power of unilateral secession is like the possession of a nuclear weapon. It may be reassuring for an ethnic group to have, but it should almost never be used. If the world is indeed moving toward the recognition of a unilateral right to secede, both the federalists and the secessionists should go the last mile to find a peaceful solution.

One such solution might be for the United Nations to change its stand-off policies on civil wars and declare such wars a threat to world peace.

The European Community could perform a similar regional role for a secession within a member state or, as in the case of Yugoslavia, within a state seeking future membership.

The federal unions in the process of drafting new constitutions, such as the Soviet Union and the Czech and Slovak Federative Republic, could recognize the principle of unilateral secession on terms to be mutually agreed, with a provision for the referral of any disputes over the terms to their own constitutional courts.

The writer, a Washington lawyer, was counsel to the president in the Carter administration. He contributed this comment to The Washington Post.

The Solution for a United Yugoslavia

By Thomas Foran de Saint-Bar

NEUILLY-SUR-SEINE, France — Yugoslavia is one nation. More than 75 percent of the population speaks Serbo-Croatian and 88 percent is made up of the same peoples, the Southern Slavs. Minorities represent only 12 percent of the population. The Yugoslavs are mainly divided by religion, Roman Catholic in the north and Orthodox in the south.

Unlike Serbia, Slovenia was never an independent state. Croatia was independent only for a brief period in the 12th century and again during World War II when Hitler and Mussolini set up the puppet "Independent State of Croatia" in 1941. One of the first acts of the Fascist Ustase government was to declare war on the United States and Britain. Led by Ante Pavelich, the extreme nationalist Ustase massacred more than 500,000 Serbs and 70,000 Jews from 1941 to 1945, according to statistics published at the Nuremberg trials. It is therefore not surprising that the Serbs remain vigilant.

Until 1910, only 48,000 of the inhabitants of Croatia and Slovenia, then under the domination of Austria-Hungary, had the right to vote. It was only after the fall of the Hapsburg empire and the foundation of the Kingdom of the Serbs, Croats and Slovenes in 1918 that the number of Croat voters reached 636,000. During the first elections to the Yugoslav parliament in 1921, the Agrarian Croat Party obtained 50 seats, whereas it had had only three deputies in the local parliament (Sabor) of Croatia during the time of the Austro-Hungarian Empire.

In the compromise that led to the formation of the Austro-Hungarian Empire in 1867, the Slavs, although constituting the overwhelming majority, were sacrificed by the two major partners. Croatia fell under the domination of Hungary, and Slovenia under that of Austria. The Austrian chancellor, Friedrich von Beust, declared that "the Slavs are not fit to rule, they must be governed." The first Hungarian prime minister, Count Gyula Andrassy, told Chancellor von Beust: "You look after your barbarians and we will look after ours."

After more than 40 years of Hapsburg domination over the Yugoslav provinces of Bosnia and Herzegovina, 88 percent of the population was illiterate. There was no university in Slovenia until after the new kingdom was formed in 1918.

King Alexander I and his son King Peter II stressed the concept of the Yugoslav nation and its unity. King Alexander said in 1918: "In Yugoslavia, no one will be master, no one will be slave, but all equal."

By 1925, the majority of the Croats represented by the Croat Agrarian Party had accepted the united state of Yugoslavia, the dynasty and parliamentary government. The coalition of Serbo-Croat deputies controlled more than three-fourths of the seats in parliament and contributed enormously to consolidation of the new unified Yugoslav state.

The monarchy, initially Serbian and then Yugoslav, became a democratic constitutional monarchy in 1921. When King Peter II presided over his first government in Belgrade during World War II, the deputy prime minister was a Croat and there were three Croat and three Slovene ministers. There was a great desire on the part of King Peter II that all the regions be represented fairly in the government.

After the liberation of Belgrade by the Red Army, the Communist dictator Tito, a Croat put into power through the aid of Stalin and the weakness of the allies, played up differences between Serbs, Croats and Slovenes rather than stressing their many similarities. That made it easier for him to maintain his oppressive rule. He abolished the monarchy on Nov. 29, 1945, without a referendum.

The Tito regime conferred upon the six republics a sort of sovereignty that encouraged animosity among Serbs, Croats and Slovenes. Between the world wars, the political parties democratically argued in parliament. Today the republics fight among themselves. This is Tito's legacy.

It is ironic to hear Italians and Germans calling for the independence of Croatia and Slovenia when one recalls that during World War II Hitler annexed most of Slovenia, Mussolini annexed the Croatian part of the Dalmatian coast and Austrian troops in the German army, including Kurt Waldheim, subjugated the Yugoslav people in a ruthless occupation.

It would be terrible to see a nation like Yugoslavia destroyed at the precise moment when we are witnessing a movement in Europe toward unification and federation that should assure peace and prosperity.

More and more Yugoslavs in the opposition parties are favorable to the return of Crown Prince Alexander of Yugoslavia, son of the late King Peter II, feeling that he could provide the necessary cement to hold the republics together and safeguard the rights of the minorities in a democratic constitutional monarchy, of which there are already six in the European Community.

The writer is the author of "Portrait of a King," first published in 1972, about King Peter II. A French parachutist with U.S. forces during World War II, he was the king's aide-de-camp. He contributed this comment to the International Herald Tribune.

The Stations Should Stay On the Air

By Walter Laqueur

WASHINGTON — Radio Free Europe and Radio Liberty, the U.S.-sponsored stations that broadcast to Eastern Europe and the Soviet Union, are finding themselves the recipients of unaccustomed accolades from many quarters these days.

Where once they were the subject of angry debate in America, attacked by some in Congress as instruments of the Cold War that were being used to interfere in the affairs of other countries, now they are being praised by leaders of those same countries.

The chiefs of state of Poland, Czechoslovakia and Hungary have written President George Bush expressing gratitude for the work done by the radios over many years as a lifeline of democracy. They are strongly urging the United States to continue these services for the time being. In the Soviet Union, Radio Liberty has been nominated for the Nobel Peace Prize — although not, to be sure, by the leadership, with its still powerful anti-Western lobby.

How, then, to explain the inexplicable: a White House decision to phase out funding for the stations over a period of two years? Since it is not feasible to privatize the stations, this would mean, in practical terms, their closing down.

Apparently someone somewhere has reached the conclusion that since the battle for freedom has been won, the radios are no longer needed.

Unfortunately, these assumptions are wrong, at least for the time being. Anyone even vaguely familiar with the situation in Soviet central television and radio knows that since the spectacular advances of 1988-89, the forces of freedom have been in full retreat during the past year. Virtually all democratic programs have been discontinued and pro-glasnost journalists have been squeezed out, suspended or dismissed.

There seems to be an inclination to end a campaign and announce victory too soon.

The situation in the official newspapers is not very different. One of the remaining bulwarks of the reform movement, Izvestia, is now brought into line by the Politburo, following the appointment of a new editor thought to be more pliant.

The periodicals that could not be made to toe the orthodox party line (which now opposes not only Boris Yeltsin and the democrats but also Mikhail Gorbachev) are deprived of their paper supply. The last issue of the famous literary magazine Novy Mir to reach the public was the one for March 1991.

To speak from personal experience: An article of mine was featured in a Soviet literary journal early this year, and the table of contents of that issue was reprinted in other journals. But this is all subscribers have seen to this day, the issue having not yet left the printing plant.

It is not simply a problem of lack of newsprint, of course. The publications reflecting the views of the party apparatus appear fully and on time.

The situation in several East European countries is different inasmuch as there is less or no intervention by censorship. But even there, independent news and information services do not yet exist. It will take time, perhaps many years, before truly independent media, knowledgeable and reliable, will be operating and before the necessary experience — not to mention the funding — will come to exist.

In the critical interim period, when setbacks in the process of democratization cannot be ruled out, help will be needed. Just about everybody in Eastern Europe expects much of that help to come from these two Munich-based radio stations.

There seems to be a curious new syndrome in U.S. foreign policy, an inclination to end a campaign and announce victory just a little too early. The price that might have to be paid for such errors of judgment could be very high indeed. Whatever the motive — impatience, shortsightedness, lack of information about the true state of affairs — the inclination to call for premature victory celebrations should be resisted.

The writer is chairman of the international research council at the Center for Strategic and International Studies, in Washington, and author of "Long Road to Freedom." He contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: Gold in Nicaragua

PARIS — Advices from Nicaragua state that the discovery of the placer mines in Prinzapolka has started a gold fever throughout Central America. The existence of gold was accidentally discovered by a Nicaraguan soldier, who found an ingot weighing 18lb., which he sold for £2,800. A miner named Cabezas has arrived at Granada with specimens, and states there are numerous pockets extending in all directions. It is said the discovery is due to a volcanic upheaval, by which gold was thrown to the surface. The district in which gold has been found extends for thirty leagues around Prinzapolka, and is rich in primeval pasture land, where numerous wild cattle graze.

1916: War Tax on Food

PARIS — Interest in the proposal to tax Parisians' appetites for the assistance of wounded and captive soldiers is growing in French newspaper circles. The "Gaulois," in order to obtain the views of some of the leading Paris restaurant-keepers, sent a correspondent to interview M. Paillard. He professed himself to be largely in favour of the measure. "For my part," he said, "I think that, on the whole, it will be accepted without a murmur. I have no illusions. If the new tax is instituted, it will continue to exist after the war. 'Temporary' taxes are eternal in our country."

1941: U.S. Tanks Ahead

WASHINGTON — [From our New York edition:] Tank production in the United States has reached in little more than a year a point which Germany attained in more than five years of rearmament under Hitler, and already American tanks are superior to those being produced in Germany, Lieutenant Colonel John K. Christmas, the Army's leading tank expert, said [on July 23]. The colonel has been associated with the development of every American tank since 1924.

OPINION

Four Reasons for Israel to Go Along

By A. M. Rosenthal

NEW YORK — The Bush administration and its Arab allies have strewn the field with traps. Just the same, the best available course for Israel seems to be to move toward direct talks with the Arab states, walking with exquisite care every step of the way and ready to cut out at the first sign of betrayal.

Israel, deliberately and outrageously being isolated and squeezed by Washington, faces one of the most difficult decisions in its lifetime of difficult decisions. Those who wish Israel well owe it

ON MY MIND

to her and themselves to separate out the ingredients of the Middle Eastern stew — hope from hypocrisy, truth from lie, opportunity from suicide.

The assumption that every Israeli or friend of Israel should make is that Hafez Assad of Syria, that clone of Saddam Hussein in aggression and terrorism, has not suddenly surrendered his goal: the eventual destruction of Israel. The assumptions must also be that King Fahd of Saudi Arabia has not overnight moved from political medievalism into the age of enlightenment, and that King Hussein of Jordan remains available to the highest bidder, never for sale but always for lease.

Sadly, it also remains true that the Bush administration still has a spiritual affinity with Arab rulers and oilmen but bares its teeth when Jerusalem shows independence of mind, otherwise known as intransigence.

So Israel is asked to enter talks with its sworn enemies, under the sponsorship of the United States, which never has been less friendly, and of Moscow, which never was friendly, and with the attendance of the United Nations, which is rancid with anti-Israel passions.

What is worst, the present U.S. administration would prefer Israel pushed back to its pre-1967 borders. From those borders, Syrians fired down incessantly from the Golan Heights — and Jordanian troops took potshots at Israelis from across the street in East Jerusalem.

So why even suggest that Israel now accept the American plan for a quick conference, to be followed by direct negotiations? The reasons are at least four:

1. Because Israel has always said that the only way to reach peace is through direct negotiations with the Arab countries. To refuse outright now would wither something that Israel has cherished and that is almost unknown in the Mideast: trust in its word.

2. Because there is the possibility, however meager, that direct talks with Palestinians would give some of them the courage to break from the murderous Palestine Liberation Organization and lead Palestinian Arabs to the solution of self-government. (That in itself would be a risk for Israel, which would have to make sure that it did not turn into the independence that could be the launch for Arab attacks.)

3. Because someday Hafez Assad will outsmart himself. The Syrian president, who murdered thousands of his own subjects in the city of Hama, will wind up dispensed with by his countrymen. Then it would be easier for his successors to deal directly with the Israelis if the precedent had already been set by Mr. Assad himself. That could be the beginning of the real Mideast turning point.

4. Because accepting the U.S. plan might prevent Israel-haters in the U.S. government and the weeping-crocodile "friends" of Israel among American Jews from crippling Israel economically and forcing it to turn away Jews fleeing communism or African and Arab dictators.

Those are my own opinions. But it is important to me that when I called him I found that they were also the conclusions of the man whose thoughts probably mean most to foreign supporters of Israel, Jew and non-Jew — Elie Wiesel, the Nobel peace laureate and a friend.

While on friendship: It may be that Prime Minister Yitzhak Shamir thinks differently and turns down the U.S. plan, or later sniffs the air and walks out. Most of the American press, plus the hate-Israel mob and the crocodiles, will howl for the United States to put the boot to Israel. Then it will be the duty of the friends of Israel and of political democracy to oppose them.

No, that is not because we support Israel right or wrong. It is because Israel will still be the only democracy in the Middle East, because it has political and ethical ties with America that the hero of Hama could never understand, and because it is better to trust a democracy even at times of disagreement than a mass murderer — anytime.

The New York Times.

("I think we know how this David-Goliath thing comes out!")

The Deal Is: You Rewrite Me and I'll Rewrite You

By Richard Harwood

WASHINGTON — In a land of pickpockets, should there be laws against theft? Journalism is not a precise model for such a society, but the parallels are close enough.

Our business, a Boston Globe columnist has written, is the "recycling" of words. While some of our work may be original and creative, as much or more is the result of incestuous (and incessant) "borrowing" and "recycling" of the language, subjects and ideas of others.

At some point a line is reached beyond

MEANWHILE

which "recycling" becomes plagiarism and "borrowing" becomes theft. But we are not always confident of knowing when the line is crossed, because our industry has not established standards by which these things can be judged.

The dictum at The Washington Post is that the "attribution of material from other newspapers and other media must be total." For violating that rule, a Post reporter lost her job this month. She "borrowed" a story idea from The Miami Herald and "borrowed," verbatim, many of the Herald's words as well.

Suppose, however, that she had expropriated the story using a different technique — namely, rewriting the article entirely, without verbatim lifts, before submitting it as her own work? Is that "plagiarism," which by definition includes the theft of ideas as well as words? Or is it a lesser "crime" that would have, as I suspect, passed unnoticed?

Generations of foreign correspondents have done and, I suppose, still do much of their work in this way, rewriting the leading papers and journals in whatever capital they might find themselves.

All-news radio stations rewrite and present without attribution each day extensive material from local newspapers and the wire services. Network broadcasters have similar dependencies. And many newspaper stories are written straight off the tube.

The concept of cooperative news gathering, exemplified by The Associated Press, is based on assumptions of communal ownership of the "news." AP has a contractual right to expropriate, without attribution in most cases, the work of its clients. The reverse is also true, especially in Washington where the reportage of wire service correspondents appears daily under the bylines of countless newspaper, magazine and broadcast journalists. The Post's policy on attribution is broad enough to cover this kind of thing, but compliance is far from universal.

We engage in other practices that clearly would be classified as plagiarism in other settings — a university or research laboratory, for example. One of these practices is the almost universal habit in journalism of cannibalizing the materials in our archives and computerized memory banks. These are "proprietary" materials — the accumulated work of reporters and editors over the years — and they are used routinely and extensively in stories, columns and editorials without credit. We cannot, of course, turn our prose into footnoted dissertations. But is it less an act of plagiarism to lift paragraphs from a story written 10 years ago by a colleague than to lift words from yesterday's New York Times or from a five-year-old story in The Wall Street Journal?

The larger issues are rarely addressed. Benjamin Bradlee, executive editor of The Washington Post, recently told Jonathan Lichfield of the London newspaper The Independent that the Post has a remarkable journalistic role to play: "We can influence the [news] agenda and order the agenda, and I believe at our best we do ... What we write influences TV networks, it influences Newsweek and Time ... It influences you people in the foreign media."

If all this is true, he is describing intellectual banditry and plagiarism on an impressive scale. It involves not merely words or ideas but the expropriation of the subjective and often impulsive judgments of a handful of Post editors who sit around a table twice daily for half an hour or so deciding the relative importance or entertainment value of the many items in the "news."

The system may not work just as Mr. Bradlee described it. But the monotonous conformity and assembly-line personality of American newspapers today creates an impression that, with few exceptions, they are edited in the same shop and produced in the same factory. That is a "plagiarism" problem they might ponder when the next cribbing episode rattles the china.

The Washington Post.

The Spanish and Portuguese Examples Are Good for Latin America

WASHINGTON — *Twenty-one heads of state and government concluded the first Ibero-American summit conference last week in Guadalajara, Mexico. The International Herald Tribune asked Lincoln Gordon to assess the summit. Mr. Gordon, a political economist, is a guest scholar at the Brookings Institution in Washington, where he is writing a book about Brazil. He is a former U.S. ambassador to Brazil, assistant secretary of state for inter-American affairs and president of Johns Hopkins University.*

The Latin leaders are seeking greater unity to advance their aims at home and abroad. What are the prospects for success?

The prospects for significant change in the global constellation are not very large. In 1967, at a meeting of the heads of state of the entire Western Hemisphere, the Latin American presidents pledged to bring about a Latin American common market no later than 1985. That pledge, of course, disappeared. So one has to view these pledges of unity with a certain amount of caution and skepticism.

Did the summit produce gains for the host, Mexico, or for other participants?

For Mexico there is an immediate gain in initiating the summit. In terms of domestic politics, the government of President Carlos Salinas de Gortari has looked very pro-American and is actively negotiating the North American free trade area. In Mexico, for historical reasons, that is always a little bit dangerous. The summit offers some political offset to charges of excessive collaboration with the United States. It is a way of saying, "We're not looking only north, but also east to Europe, and we're looking for special connections with our southern neighbors."

For Spain there are potential gains as well. Ever since its entry into the European Community, Spain has claimed to have a special understanding of and connection with Latin America. This summit strengthens the Spanish claim in Brussels to be the spokesman for Latin American interests in the Community.

Should the United States or the European Community be concerned about this effort at political integration?

I think it would be advantageous for the United States and Europe if there were integration. A few years back the United States might have been concerned that greater Latin American unity would be anti-American. But at that time there were very strong anti-imperialist views in the region. Now the dominant view, at least on the economic side, is that closer relations with the United States are desirable.

Did Cuba gain anything by Fidel Castro's attendance at the summit?

I think not. It would appear that Felipe González, the Spanish prime minister, hoped that Mr. Castro's presence might be an opportunity for Cuba to begin a process of re-approximation, not only to the rest of Latin America but also to democratic and liberal institutions — along the lines of what is taking place in Eastern Europe and, arguably, in the Soviet Union. But Fidel Castro appeared adamantly opposed to any such movement. I could not help feeling that it was as if Stalin or Brezhnev had attended the G-7 summit last week in London.

There were suggestions from some leaders at the summit that a Latin American parliament should be formed and that a common currency might be possible. Are these goals realistic?

A common currency would require, first of all, an effective free trade area or common market. One would have to go through the same kind of stages that the Europeans are going through. The beginning situation is more difficult because the disparities in economic conditions throughout Latin America are greater than they were in the late 1960s in Europe. Now it is more than 30 years later and Europe does not have its own currency yet. You cannot have a common currency if you have great varying degrees of inflation among the member countries. You would have to have a common monetary policy as well.

A common parliament, presumably, would be a place for members of the individual congresses to talk. That, I think, would be good. But I would not expect it to quickly become a common parliament with legislative authority.

What are the economic power centers in Latin America and how large a gap is there with the weaker nations?

You have a strong movement in Latin America to try to overcome what might be called the lost decade of the 1980s, when most of Latin American living standards declined. Economic growth slowed down or stopped. In many countries, inflation took off almost to the level of so-called hyperinflation.

Now the governments of Mexico and Chile have broken with the old ways of doing things. They have stabilized their currencies and price levels. They have liberalized by opening their economies to foreign trade, lowering tariffs, encouraging foreign investment.

Venezuela seems to be following along that line. Argentina, at the moment, is trying to do it. Brazil, which is the biggest economy, has been making an effort under President Fernando Collor de Mello, but not with great success as yet. He just changed finance ministers. It is a very uneven situation. Peru is way in the rear, along with the very poor countries, like Haiti.

In order to have greater unity, you have to have greater parallelism in performance. To some extent, greater unity will encourage greater parallelism. But I think domestic reforms, on the whole, would have to come first.

What effect would a successful conclusion to the Uruguay Round of GATT talks have on Latin America?

It would be very advantageous. In the short run — over the next three to five years — the greatest economic gains for Latin America would come not so much from greater unity or special trading relations with the United States as from success of the Uruguay Round on a worldwide basis.

Unlike Mexico, whose trade is tied so closely to the United States, the countries of South America have very large trading connections to Europe. In the case of Brazil, there is more trade with the EC than with the United States. That is true also of Argentina. There is also growing trade with Japan and other East Asian countries. So the breaking of the world into regional blocs would really not be good for Latin America.

How strong an influence for unity is the Ibero-American culture and languages against the tide of mass communications knitting the world together?

The EC has demonstrated that political and economic advances can be accomplished in the face of ancient hostilities, even without common languages. I don't think that a common culture and language are indispensable, but it certainly helps. Spain and Portugal have been extraordinarily successful, after many years of fascist dictatorships, in democratizing themselves and modernizing their economies and setting their institutions in the direction of full First World participation — that is to say, clearly pluralistic and democratic institutions, with economies fully geared to growth. Those are both very good precedents for Latin America.

Noting the summit leaders' declaration that the region should move toward full respect of human rights and the broadening of democratic values, would you say the military factor in Latin America is a thing of the past?

I hope so. It clearly is very much weaker than it was. Chile, a recent case, is making a very good start. Even though Brazil is in grave trouble, the almost unanimous view there is that another military takeover would not help at all. The danger might arise again, because population pressures are still great in Latin America. These nations have to have economic growth.

International Herald Tribune.

Reasons to Envy Mexico

Argentina and Brazil, in particular, long for Mexico's leeway in applying unpopular austerity and wage-containment policies made possible by peculiarities of the authoritarian Mexican political system. But the most important source of envy and resentment in many countries south of the Suchiate River is the privileged financial treatment Mexico receives from its northern neighbor — the help in obtaining credit, foreign investment and access to the U.S. market.

— Jorge G. Castañeda, commenting in the Los Angeles Times.

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LETTERS TO THE EDITOR

Warsaw Pact Climate

Regarding the report "Warsaw Pact Moves To Dissolve Alliance" (July 2):

The article says that the Warsaw Pact was formed in 1955 "at the height of postwar East-West tensions." In fact, 1955 was the beginning of a brief period of relations between the superpowers known as "peaceful coexistence."

The death of Stalin, announced to the world in March 1953 and the Korean War armistice in July 1953 were essential factors for the decrease in tensions. The 20th Communist Party Congress in the Soviet Union, in February 1956, at which Nikita S. Khrushchev denounced the crimes of Stalin and indicated the acceptability of "different paths to socialism," a clear reference to the situation in Yugoslavia, perhaps marked the high point of that period of low tensions.

Unfortunately for the world, this period was brief, and soon the superpowers were again engaged in intense rivalry and conflict, as manifested by the Suez crisis and the Soviet invasion of Hungary, both toward the end of 1956.

TONY BANBURY.
Geneva.

Europe's Disinherited

In response to "Unite or Expand: Europe's Choice Looks Stark" (June 20) by William Pfaff:

The European Community and the European Free Trade Area will eventually join, forming the European Economic Area, or EEA. When the EC 12 and the EFTA 7 become the EEA 19, Algerians in France, Moroccans in Italy and Turks in Germany will be joined by Yugoslavs and other migrant workers of East European and Third World origin as the second-class citizens of a reunited Europe. This "nation" of the disinherited numbers from 8 to 12 million people, depending on whether you count the illegal aliens or not.

The EC Commission attempted to give its own "13th nation" equal rights in 1985 and was vetoed by the EC Council's heads of state. The president of the Commission, Jacques Delors, has initiated a second attempt to give non-EC and non-EFTA nationals equal status with the Common Market foreign workers within the EEA.

If the West European national leaders again get their way and Mr. Delors's proposal is voted down a second time, the "Common European Home" will indeed become the "Fortress Europe" dreaded by so many.

GENE R. SENSENIG.
Salzburg.

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FOR MORE BUSINESS MESSAGES

Wing Cracks Found In 2,900 F-16 Jets

The Associated Press

WASHINGTON — The U.S. Air Force has discovered cracks in its premier fighter plane, the F-16, at the point where the wings attach to the body, and it expects the repair work to cost about $250 million, the Pentagon said Tuesday.

Pete Williams, the chief Defense Department spokesman, confirmed the problem, which was first reported Tuesday by a military journal, Jane's Defense Weekly.

The London-based publication said cracking was found in 2,900 of the F-16s operating worldwide, including 1,861 flown by the United States. It said repairs would cost more than $1 billion, and that some of the fighters might need new wings. There was no immediate explanation for the difference between the two repair estimates.

Mr. Williams said the air force was not releasing information about the number of planes affected by cracking, which he called stress fractures.

The F-16, manufactured by General Dynamics Corp., is a single-engine, single-seat fighter capable of operating at twice the speed of sound at 40,000 feet (about 12,000 meters), according to Jane's. It was used extensively in the Gulf war.

Introduced in the late 1970s, the fighter has been sold to Belgium, Denmark, the Netherlands, Norway, Israel, Pakistan, Egypt, Venezuela, South Korea, Turkey, Greece, Indonesia, Singapore and Thailand.

Jane's quoted a spokesman for General Dynamics as saying the company knew of no structural problems that would require the planes to be grounded.

"Most of the F-16 structural issues result from the fact that the aircraft is being flown more aggressively, more often, than originally envisioned or specified," Jane's quoted the spokesman as saying.

Mr. Williams said the cracking was caused by excess stress at the point where the wings are attached to the body. He said that the air force had determined this to have been caused by an overall weight gain for the planes after unspecified "internal components" were added.

The journal said problems had been found in F-16s operated by Belgium, the Netherlands and Norway.

■ **Turkey Seeks 80 Jets**

The United States plans to sell 80 F-16s and spare engines to Turkey for $2.8 billion, the Defense Department said Tuesday, according to a Reuters report from Washington.

The Pentagon said that Turkey's request had been sent to Congress and that the deal would become official in 30 days unless legislators rejected it.

Dorde Uglješić/Reuter

A Croatian irregular taking shelter during a battle with Serbs in Vinkovci, Croatia.

Milwaukee Suspect Arrested In Killings of Up to 15 in Flat

Compiled by Our Staff From Dispatches

MILWAUKEE — Dismembered human bodies were found in a Milwaukee apartment Tuesday, and the police said they were investigating the possibility of up to 15 killings.

The authorities discovered the apparent multiple murders after a man fled from the building Monday night and told the police that he had been handcuffed and threatened with a knife.

Police arrested the 31-year-old occupant of the apartment but did not release his name. He was described as a former resident of Ohio who had two previous convictions for sex offenses.

Police Chief Phillip Arreola declined to specify at a press conference how many bodies might have been involved, but he said they were mostly men, of various races. A policeman at the scene said the authorities were investigating the possibility of up to 15 deaths.

"At this point, I think we can tell you it is a number of homicides, multiples," Mr. Arreola said.

A policeman said investigators had found an overpowering stench in the apartment. They discovered a dresser drawer with photographs of mutilated bodies and a refrigerator containing three human heads, he said.

A number of boxes, a barrel containing acid, a skull and a refrigerator were removed from the man's dingy second floor flat.

"You think you've seen it all out here, and then something like this happens," a policeman said.

The county medical examiner said no identification had been made of the dismembered bodies. He said it was not known how long the bodies had been in the apartment.

Officials said the suspect was on probation and had a conviction for second-degree sexual assault and a conviction for enticing a child for immoral purposes. The suspect had spent some time in the military and had been in the Milwaukee area for two to three years, they said.

Mr. Arreola said the bodies had been found through the man who reported to the police that he had fled from the apartment.

"Through some rather fortuitous circumstances he escaped from the apartment and contacted some officers," the chief said.

A neighbor, Urana Thomas, said of the man who was arrested: "He looked just like a working-class man. People started to complain about the stench. The manager would go up to his apartment and he'd usually have some excuse. It was the fish tank or something else."

The building manager, who declined to give his name, said he had received complaints from residents recently about the smell. "I didn't know what it was. He said his freezer went bad." (AP, UPI)

MIDEAST: *Shamir Responsive to Syria's Change*

(Continued from Page 1)

erning coalition if it makes more concessions to the Arabs.

Israel has insisted on excluding the PLO from any talks, maintaining that it is a terrorist group, while the Palestinians see the PLO as their legitimate representative.

Israel also opposes talks with Palestinian delegates from Israeli-annexed Arab East Jerusalem. Inclusion of such delegates could be interpreted as indicating that Israel's claim to all of Jerusalem is negotiable.

Palestinians who see East Jerusalem as the capital of their would-be state say they are unwilling to yield.

Syria, Egypt, Jordan, Lebanon and Saudi Arabia have approved a a U.S. plan for a peace conference co-sponsored by the superpowers to inaugurate direct negotiations with Israel.

According to an Israel Radio report, a format was worked out during Mr. Baker's visit for an opening session of foreign ministers representing the United States, Soviet Union, Israel, Syria, Lebanon, Jordan and Egypt.

It said that the Dutch foreign minister would represent European nations and that the conference would form into four working groups: Israel-Syria, Israel-Jordan-Palestinians, Israel-Saudi Arabia-Kuwait, and a committee to handle water and ecological issues.

Lebanese interests presumably would be represented by Syria. (AP, Reuters)

■ **Baker Vows to Press On**

David Hoffman of The Washington Post reported from Kuala Lumpur:

Mr. Baker spoke to reporters on the first day of talks in Kuala Lumpur with foreign ministers from the six members of the Association of South East Asian Nations and seven other industrial powers. The talks are focusing on economic issues as well as the impact of the collapse of the Cold War on regional security.

Senior U.S. officials have said the administration would like to use the Moscow meeting to issue formal invitations to the Middle East peace conference, which possibly would be held in Washington.

After Mr. Baker concluded a four-day, five-nation tour of the region, Mr. Shamir said in a speech Monday night that Israel still needed "clarifications" on the issue of how Palestinians would be represented at the conference.

Mr. Shamir said such clarifications would be needed before Israel could give an answer as to whether it would attend the conference.

Asked about Mr. Shamir's request, Mr. Baker said: "We continue to work, not just with the government of Israel, but with the government of Jordan and Palestinians on the question of Palestinian representation. And it is contemplated that we would receive a response of some kind from the Israeli government that would speak to the other elements of the process and the proposal, just as we've received responses from other governments that speak to other elements."

He added: "And we will continue to work on whatever loose ends might exist pending the actual convening of any conference, if the answer from the Israeli government were affirmative."

He said that "any answer would of course assume that the entire process would be acceptable to the government of Israel."

Mr. Baker's comment suggested that the United States is reluctant to engage in a drawn-out round of negotiations with Israel over the terms of the peace conference. U.S. officials have said that Mr. Baker wants to get the invitations issued soon for a conference to be held early in the fall.

The U.S. national security adviser, Brent Scowcroft, said Monday that Mr. Bush would like Israel's answer before the Moscow summit meeting.

But Mr. Baker said: "We are not setting deadlines. There are no deadlines. We would like if possible to receive an answer by that time, but if that's not possible it's not an absolute deadline."

SOVIETS: *Hard-Liners' Plea*

(Continued from Page 1)

curred," it read. "The motherland, the country, our great power — passed down to us for preservation by history, nature and our great ancestors — is dying, falling apart and sinking into darkness and nothingness."

The front-page appeal calls for the creation of a patriotic movement and says "there are statesmen among the Russian people who are ready to lead the country to a sovereign future without humiliation."

It says that only the military can "prevent fratricidal war and the destruction of the motherland and will be a safe guarantee of security."

Yuri Blokhin, chairman of the conservative Soyuz faction in parliament; Vasily Starodubtsev, head of the conservative Peasants Union, and two conservative novelists, Yuri Bondarev and Valentin Rasputin, also signed the document.

Mr. Varennikov is a strident voice against radical change. General Gromov, who was the last Soviet commander in Afghanistan, is often called the "Soviet Bonaparte" in the liberal press.

Many provincial Communist leaders are clearly in line with the appeal published in Sovietskaya Rossiya. "The Communist Party must refuse to give Gorbachev another vote of confidence," said Nikolai Merzlikin, a Siberian party chief, in an interview with the newspaper Rabochaya Tribuna. "He has no right to call himself a Communist and make the party his hostage."

"The West is pushing for bolder, faster, deeper reforms — and that is good," Deputy Prime Minister Vladimir I. Shcherbakov said at a news conference in London last week. "But Gorbachev is under not just heavy pressure but a real political threat, too, from our conservatives, who say 'No, no, no,' and want a return to what they regard as the true faith."

Nezavisimaya Gazeta said that about 100 members of the 412 in the Central Committee were prepared to support Mr. Gorbachev's draft platform, but if the platform does win approval, they may quit the party altogether.

In the past, Mr. Gorbachev has been able at such meetings to use traditional "party discipline" to hold the leadership together, but the party may now be on the brink of disintegration into two, three or four camps.

With the Communist Party losing popularity and members leaving at an astonishing rate, it is unclear whether Mr. Gorbachev's platform will do much to save the party and help transform it from a ruling monolith into a healthy entity in a multiparty democracy.

A Politburo member, Yuri A. Prokofiev, said at a press conference that the various factions were in an "aggressive mood" and that "the most likely development is a division into three parts."

The platform reads more like an extended apology and statement of principles than a concrete program of action.

"The Communist Party unconditionally condemns the crimes committed by the Stalinists who broke and maimed the lives of millions of people, whole nations," the draft platform says.

"That could and can never be justified. Even in those years, many Communists raised their voices in protest against leaders who had usurped power. They were dealt with as 'enemies of the people,' and a considerable part of the party was physically exterminated."

CROATS: *New Battle Erupts as Peace Effort Fails*

(Continued from Page 1)

between Serbs and Croats, the two largest ethnic groups in the country and nourishing memories of past violence.

Croatia's 4.5 million people include about 600,000 ethnic Serbs. With the financial and military help of Serbia, they are waging a widening guerrilla war to separate what they contend to be Serbian land from the Croatian Republic.

President Tudjman's demand that the army withdraw to its barracks provoked angry reactions from Serbian leaders, who have warned they will go to war to protect the Serbs in Croatia.

If the presidency accepted Croatia's demand, "we would now have open civil war and blood up to our knees," said Borisav Jovic, Serbia's representative on the federal presidency, an eight-member body that commands the armed forces.

The presidency, the heads of the six Yugoslav republics and government ministers made clear in a statement issued after the Ohrid summit that they had failed to reduce the chances of wholesale violence in this country.

"Yugoslavia is experiencing its most dramatic moments," the statement read. "Conflicts among its nationalities and confrontations among its republics threaten all its people with civil war and catastrophic consequences."

"The crisis must be solved now or never, otherwise it will be too late," said Stipe Mesic, a Croat who is the current chairman of the rotating collective presidency.

Mr. Mesic, however, joined Mr. Tudjman in refusing to sign the peace plan. He accused Serbia of trying to take control of Serbian-populated parts of Croatia and said Serbia's leadership was colluding with the Serbian-dominated army.

"Serbia is attempting to annex parts of Croatia," he said. "This could be achieved in a war with a sea of human victims. It is the most to blame in the crisis."

While prospects for Croatia continued to darken, there was continued progress Tuesday in the army's pullout from Slovenia.

The federal presidency ordered the army last week to leave Slovenia within three months. The army announced Tuesday that it would begin to move out this week.

Thirty-nine federal troops were killed in Slovenia during six days of fighting at the end of June. The number of dead in Croatia since it declared independence is estimated at more than 100.

CONFERENCE: *Each Would-Be Participant Has a Motive, and Each of the Motives is Twisted*

(Continued from Page 1)

praying for in church or synagogue. But a peace in the Gulf that leads to a peace in the Holy Land — that is another matter.

American officials argue that if the parties can just be brought to the table — for whatever cynical reasons — their long-standing taboo of shunning direct talks will be broken, a momentum for real reconciliation might build and the possibility of all sorts of agreements — which now seem impossible — could manifest itself. This is the theory of peace as an unintended consequence, and it cannot be blithely dismissed.

But before it can be put to the test, one last "detail" must be tied up — an issue on which it will not be easy to get people to do the right thing for any reason. That is on the question of who will represent the Palestinians.

Mr. Shamir has made it clear to Mr. Baker that his earlier procedural objections to the conference, over the role of a United Nations observer and whether the conference can reconvene periodically, will be set aside, provided he is satisfied about which Palestinians can attend.

The Israeli leader is insisting that no Palestinians with East Jerusalem identity cards be part of the delegation. He argues that this would imply that Israel was ready to negotiate about the Israeli-annexed half of Jerusalem. He also argues that no Palestinians from the PLO can take part, since that organization embodies the Palestinians' claim to an independent state and by simply talking with it, Israel would be legitimizing the claim.

And finally, he insists that no Palestinians can attend the talks as representatives of the "Palestinian diaspora" — those Palestinian refugees living abroad — since that might imply that not only is East Jerusalem on the table, but also Haifa, Jaffa and the rest of Israel, from where they came.

Mr. Shamir has said he will only talk to Palestinians from the West Bank and the Gaza Strip who have no overt connections with the PLO and who would preferably be represented in a Jordanian-Palestinian delegation. That way Israel could argue that it was effectively negotiating with Jordan — not an independent Palestinian delegation.

All the Palestinians would come carrying Jordanian passports, obscuring the issue of whether they were from the diaspora or East Jerusalem.

This puts both the Palestinians and the other Arabs in a dilemma. The Syrians, Saudis, Lebanese and Jordanians need the Palestinians at the table to cover any separate deals they might want to make with Israel — just as Egypt's Anwar Sadat needed the Palestinian autonomy negotiations with Israel to cover Egypt's separate deal over the Sinai.

The PLO has made clear its readiness to accept the fact that it is not going to be at the opening of negotiations. Having backed the wrong side in the Gulf war, it is in a very weak position to make demands.

As a result, Mr. Baker has been conducting his contacts with the Palestinians primarily through Faisal Husseini, a prominent East Jerusalem Palestinian, and Hanan Ashrawi, a Christian Palestinian intellectual from the West Bank town of Ramallah, who also has links to East Jerusalem.

The PLO is ready to let them stand in the forefront, provided they acknowledge that they are acting on behalf of the PLO. But Mr. Husseini and Mrs. Ashrawi are now coming under criticism from hard-liners in the West Bank, who object to their negotiations with Mr. Baker at all.

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The Trinidad Follies

Stefan Kalipha as Lieutenant le Grange and Gordon Case as Lieutenant Chan.

Ivan Kyncl

By Sheridan Morley
International Herald Tribune

LONDON — Mustapha Matura's "The Coup" is an untidy and intermittently very funny play about an evidently untidy and intermittently funny country. Set in Trinidad and Tobago at the time of the 1970 coup, it concerns an Oxford-educated president (loosely modeled on Eric Williams, then prime minister) attempting to stay in power throughout a series of increasingly farcical attacks on his life and politics.

Were Matura himself not a distinguished son of Trinidad, his comedy would be branded as both patronizing and racist, since its central thesis appears to be that his countrymen are temperamentally incapable of organizing or remembering lunch, let alone a major attempt to alter the direction of their own government.

Thus we get rebel leaders so inept that they televise an old episode of the "Wheel of Fortune" instead of a revolutionary call to arms, and whose only room for maneuver would seem to be in the matter of whether to shoot themselves in the foot before or after removing it from their mouth. In the midst of all this chaos sits the president, usually in a coffin or jail, elegantly and wearily regretting sending his men to Sandhurst, "that cushy training ground for Third World takeover specialists."

"The Coup," on the National's Cottesloe stage, is generally closer to Groucho than Karl Marx in its levels of political satire, but Matura does hit on some jovial home truths about the Trinidadian character and its general unsuitability for sustained political outrage or coherent rebellion. In a superstitious country with a firm belief in the afterlife, even a bullet through the heart is not necessarily the end of an argument, and Roger Michell's agile production ably contrasts Norman Beaton's world-weary leader with the manic intensity of Jeffrey Kissoon as his principal opponent.

THE LONDON STAGE

Neil Simon's "Broadway Bound" is the last part of an autobiographical trilogy still unfamiliar over here, where "Biloxi Blues" has never been staged and "Brighton Beach Memoirs" only a decade or so ago. Yet now, at Greenwich, we do at least have the conclusion, with Simon himself (thinly disguised as the narrator, Eugene Jerome) and his brother heading off to the bright lights in 1949, leaving their mother with little more than the ineradicable memories of the night she once danced with George Raft.

But this is very much the mother's play, and in Anna Massey's wonderfully detailed, clenched performance we get the full picture of the doting housewife who, except in her dreams, has never traveled farther than the subway would take her. This is a richly Chekhovian household, with Frank Middlemass as the unfaithful, self-torturing father, and William Gaminara as Jerome's older brother, already aware that Gene is the really talented writer of the family.

Like Woody Allen in his family albums, Simon here recreates an entire Brooklyn world of Middle European immigrants for whom the Statue of Liberty always looked insufficiently Jewish, and to whom furniture was a matter of respect and constant polishing. "Broadway Bound" is "All My Sons" and "Death of a Salesman" rewritten in gag lines, except that the laughter suddenly stops as the family skeletons come tumbling from the closets. And always there is Jerome, watching and waiting for the typewriter: "If only I could get enough people to take seats in my house, I wouldn't have to be a writer at all."

Fortunately enough people didn't, and the rest is scriptwriting history, with Simon recycling his family all the way through the "Odd Couple" to "Chapter Two." Sure, there is something cynical in all this, but there is also something infinitely touching about the recollection in peace of parents at war and a family in transition.

"New World Order" by Harold Pinter (at the Royal Court Upstairs) runs just under eight minutes, and was apparently inspired by the Gulf war. Two thugs are in a cell threatening a blindfolded victim. As ever in Pinter, the doubt is all we have to go on. The rest of the dialogue plays like the kind of undergraduate parodies of Pinter that used to turn up 20 years ago.

Not for the Faint-Hearted

By Suzy Menkes
International Herald Tribune

PARIS — Tuesday's fashion was not for the faint-hearted. Karl Lagerfeld banded his Chanel suits in shiny vinyl and made his bridal dress out of transparent garment bags; Claude Montana at Lanvin sheared mink, dyed it unnatural colors and sculpted it like cloth; Emmanuel Ungaro flew off on a magic carpet, scattering color and decoration.

All these powerful designers were on the same skirt lengths: They want longer and wider. But there were other underlying mes-

PARIS FASHION

sages, for Montana wants couture as a weapon, Lagerfeld is in a destroy-it-all mood, and Ungaro is standing up for fancy fashion.

Lagerfeld is going through a dangerous time at Chanel. He is starting to do outrageous things for their own sake, while his real changes — sculpting the famous jackets to a curvy new silhouette — are always modern and right.

Chanel's collection included dresses that were balls of tulle caged in at mid-calf and short lampshade-pleated skirts in the same fabric. The idea was to lengthen or widen the skirts in a modern way by making the fabrics weightless and transparent. Just in case we didn't get it, the accessories were also transparent: see-through vinyl, crystal beads and even Chanel's famous camellia made in plastic bunched into a bomber jacket.

"Tulle was one of Chanel's favorite materials in the 1930s," said Lagerfeld to explain the endless parade of plastic-spangled dance dresses. Tulle was also used ruched up like festoon blinds to make an enormous parka or a slim cocktail dress. Neither quite worked, except as an example of what Chanel's famous ateliers can do.

The point about tulle is that it is so delicate that it rips at the touch; hence, the hems banded over an infrastructure. All that was very clever but ridiculous in terms of modern fashion, although there were many other ravishingly pretty wispy dresses that Lagerfeld can turn out by the ton.

"I can't even think about evening clothes — to me evening is having dinner with three friends," said Paloma Picasso, who looked cool and elegant in a mid-calf linen dress.

Lagerfeld's daytime line was often fabulous, with his ever inventive jackets lit up by the vinyl that looked fun and funky. And he certainly hasn't lost his sense of wit: The short skirts whirling around on ebullient models revealed a garter that was a tiny quilted Chanel bag.

Claude Montana's collection for Lanvin was like a stiletto: sharp, shiny, precise and with a fine cutting edge. It was also dangerous. Now that Montana has grasped haute couture, he is using its traditional luxuries — fur, feathers, embroideries — not to pamper women in the way the French call chouchou, but as a weapon.

A typical model — blonde, hard, aggressive — wears a short, ice-blue coat paneled so precisely that an avalanche might have swept across it. Or she might be in a coat made up of mink snowballs over a dress dripping with icicles of embroidery. Shoe heels are pointed like stalactites.

These are clothes for strong women and it is nothing new for Montana. It is the image he made in ready-to-wear. The first half of the collection, for all its inventive cutting, looked back to the 1960s. There were skirts with low-slung hip belts, Cardin-inspired circular pockets and drawn-with-a-compass collars. Montana even re-introduced the maxi-coat, perfectly sliced in panels of white wool.

Montana made his tailored look more conventional for Lanvin's couture clients, showing outfits with the A-line skirts, matching hose and wedge-heeled shoes. Although there was a little navy blue, all the tailoring was very graphic: a grass green bolero jacket; a pimento red coat, magnificently cut with arcs of cross seaming, black and white, or a collar unfolding to show sudden tender color like blush pink or powder blue.

The surprise was the fur, which was mink sheared flat, worked in geometric bands, dyed bright colors and used for skating-skirt coats that looked very modernistic. Lord knows where Lanvin is going to find the New Age couture customer to wear them.

"Star Trek," said Inès de la Fressange, sitting front row in a Lanvin suit with Lacroix accessories, but telling everyone about the boutique she will open in Avenue Montaigne in October.

The intergalactic feeling increased at night, as coats were sculpted in organza or covered with a blizzard of feathers or the glacial embroideries.

There was one moment of high offstage tension. Ivana Trump, sitting in the front row, gave model Carla Bruni — whose name was briefly linked with Donald's — a look that must have struck a chill into Carla's ice-embroidered chest.

Emanuel Ungaro's collection was frou-frou much — although you have to admire a designer with the courage to go for brilliant color, lashes of decoration and sweeping evening dresses in these hard times.

"Freedom!" said Ungaro backstage as the last bustled ballgown poufed off the runway. That was one of the calmer outfits and made a fabulous finale, if anyone is going to give a party to suit.

Ungaro created an Aladdin's cave of pattern and even laid a Persian rug down the runway. The opening outfits were long quilted skirts, but you hardly noticed the hemline lengths in the welter of folkloric print, embroidered vests and appliquéd sweaters. When Ungaro was not saying it with flowers appliquéd here, there and on the base of the spine, he drew blocks of brilliant color on coats or put bright buttons on colorful jackets. There were some quiet mid-calf coats that then peeled off to show draped dresses that led Lynne Wyatt — in a yellow-dotted Ungaro summer outfit — to exclaim "Would our husbands ever let us out of the dressing-room?"

Ungaro's great strength is that his clients love what he does. There were many things for them to choose, especially from the crystal pleated outfits — a simple lacy tank top and pants or elegant long evening dresses. But Ungaro really went over the top with his enormous evening stoles bordered with colored stones, jet-tassels and bright fringe. A table lamp would blush to wear it.

Moore/Thomas

Lagerfeld's Chanel suit with vinyl trim and accessories.

Alligator's Not Singing the Blues

By Mike Zwerin
International Herald Tribune

PARIS — The late bluesman Memphis Slim pulled up in front of the Café Flore one evening some years ago and double-parked his Rolls-Royce in rush-hour traffic on the Boulevard Saint-Germain. Flashing plenty of gold and wearing a shiny custom-made suit, he looked like a million. An observer remarked: "Things are looking up in the blues business."

Judging from Alligator Records, a Chicago blues label, this appears to remain the case. The company has just released a fine, widely reviewed two-CD 35-track "20th Anniversary Collection" which has been selling well. During a recent European promotion tour, the founder-president, Bruce Iglauer, went so far as to say, with a straight face: "Alligator is the American dream come true."

Alligator billed $9,000 its first fiscal year, $4 million is estimated this year. The appalling history of this business is such, however, that a priori there are serious reservations about one more white man getting rich off the back of black music. If true, Iglauer has a very good act indeed. His infectious, childlike enthusiasm, the nature of the story and his storytelling style give credit to his claim of a love supreme.

Born in Cincinnati, he went to Chicago to hear the blues during the '60s while attending Lawrence University in Appleton, Wisconsin, where he studied theater and performed and passed the hat in coffee houses. He moved to Chicago and got a $30-a-week job as a shipping clerk with Delmark Records, a jazz label recording groups like the Art Ensemble of Chicago.

After the assassination of the Reverend Martin Luther King Jr., the ghetto was hot. Iglauer was often the only white person in the blues clubs. Inside it was cool but out on the street he felt like a perpetual potential victim. Finally, the bluesman Junior Wells befriended him, they drank wine out of bottles in brown paper bags on the corner together.

He says, "Junior saved my life several times. Literally. Or at the very least I can guarantee you I would have been hospitalized. Junior can be a dangerous guy, he got involved with some kind of war with a South Side gang and people were killed. But basically he's a fatherly type — if he decides somebody's part of his family it's for good."

Iglauer "fell in love" with Hound Dog Taylor and the Houserockers ("three raggedy alcoholics from Mississippi who were 30 years older than me"), an obscure, raw, high-energy bottleneck blues band that had worked Sunday afternoons in a seedy tavern called Florence's for a decade. When he wanted to record them on Delmark, his boss said they weren't good enough and anyway there was no market for that kind of music.

SO he recorded them on his own time, paying for it out of a $2,500 inheritance, pressed 1,000 copies of the record and, sleeping in it, he drove his Chevrolet Vega from city to city selling them. He found a market "beyond my wildest dreams."

A guy named Augie Bloom who worked for The Jefferson Airplane gave him a list of "progressive" rock stations. Handing the album to disk jockeys, he'd say something like, "This is my favorite band and I produced the album because I love the music and will you play it huh huh?" It was 1971, in those days, DJs did not have to clear playlists with some consultant in Atlanta. And they could relate to somebody like Iglauer. He was 23, his hair was out to here, his beard down to there.

In Detroit he got the album on four stations and then went to a distributer proposing a deal. Iglauer had done all the work. The deal was made. He drove to Cleveland, Hartford, Boston and Washington and ran out of vacation time. By now he was making $65 a week, managing Hound Dog Taylor on the side. Half of Delmark's incoming calls were for him. It was time to leave.

He was a one-man company with a one-room apartment with records piled everywhere. The cash-flow was so negligible it took him 10 years to take the business seriously enough to incorporate. He got married, bought a house in a "hillbilly ghetto" and hired one employee. When his wife left, he kept the house, there are now 16 on the payroll, and the phones ring at home and in the office at the same time.

One thing Iglauer likes about the blues business, there's not enough money to attract gangsters: "We have no hits. It's just a steady business." He does most of the producing himself. Everything in his catalogue is original and virtually all his 120 titles are on the market. He's proud of that. In 1975, he recorded a singer named Koko Taylor who was cleaning white folk's houses for a living. She recently bought a six-figure house of her own for cash. He's proud of that too.

In the late '70s, an English fan told him the blues were dead in Chicago, which "drove me crazy because I'd been going out six nights a week hearing bands, which I still do. I was intensely frustrated because people confuse records with existence. The blues has existed quite well through periods of no recording." To "announce the depth of talent," he released a six-volume "Living Chicago Blues" collection featuring 18 previously unrecorded artists.

"The blues doesn't exist in a vacuum," he says. "Robert Johnson used to play party songs for white people. He could play the hit parade, swing, even ragtime. The blues has never been a music unto itself like a little shell." Recently Alligator recorded Robert Cray and Albert Collins, who both have crossover rock audiences.

Three years ago A&M Records expressed interested in buying Alligator. Which is ironic because they have since been bought themselves, by PolyGram. Iglauer liked all the A&M people, from the president on down to the local salesman. Now every single one of them is gone. He points this out as an illustration of how acquisition by a multinational can destroy an efficient organization.

Anyway, he says: "I've never had any great desire to be owned by anyone. My prime motivation is not money."

ACROSS

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DOWN

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Solution to Previous Puzzle

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PIRELLA GÖTTSCHE LOWE

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Fiera Milano - Porta Carlo Magno.
Info.: 02/80.14.06/29.00.42.17
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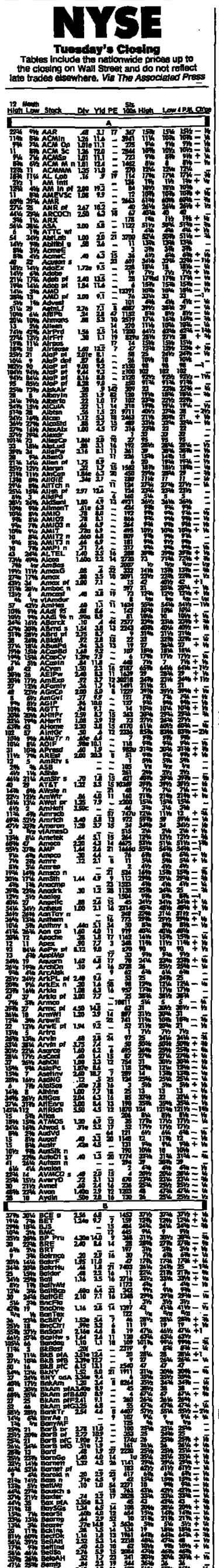
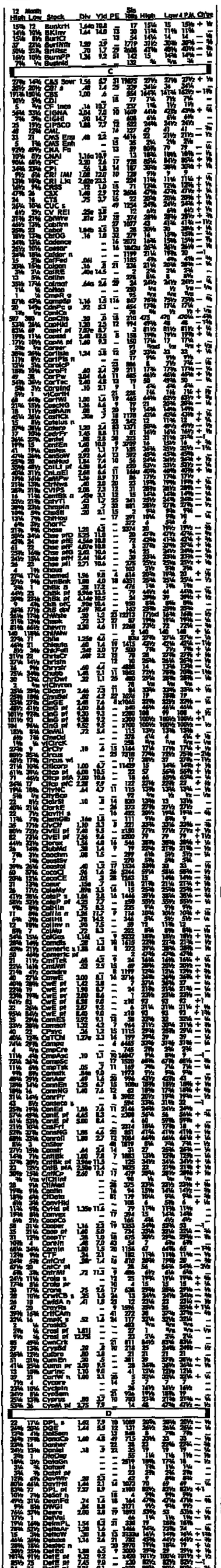
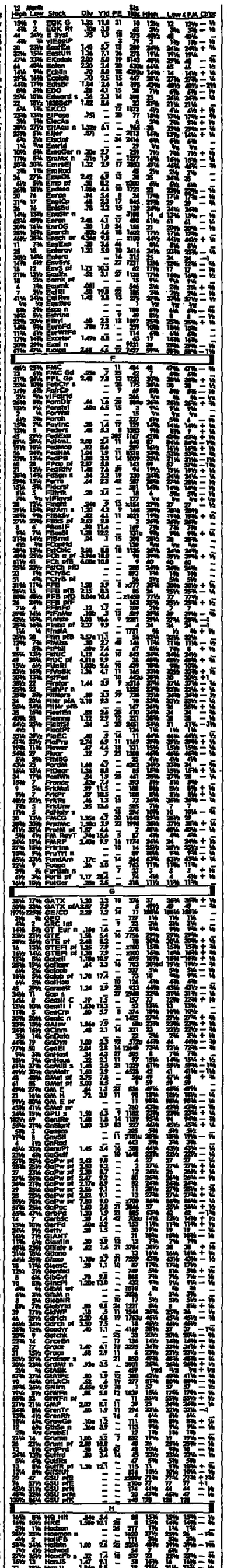
NYSE

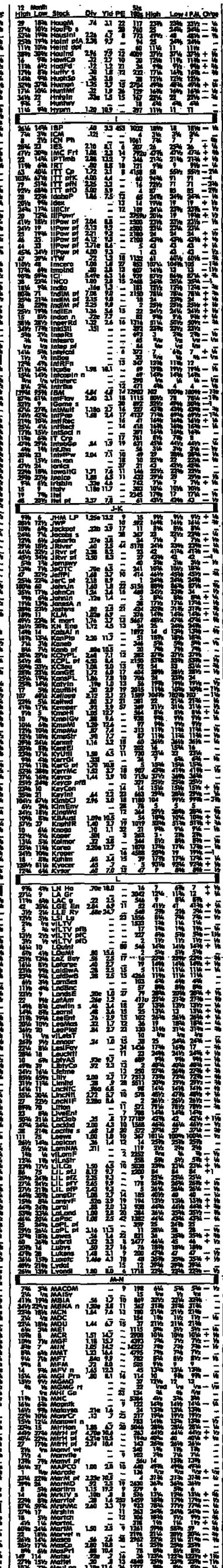
Tuesday's Closing

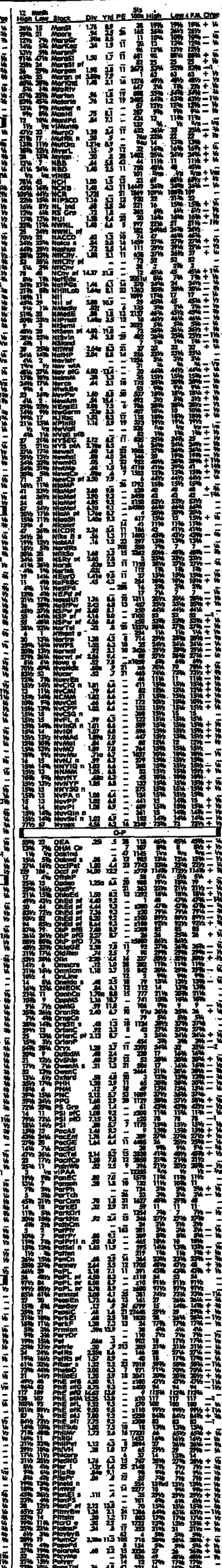
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

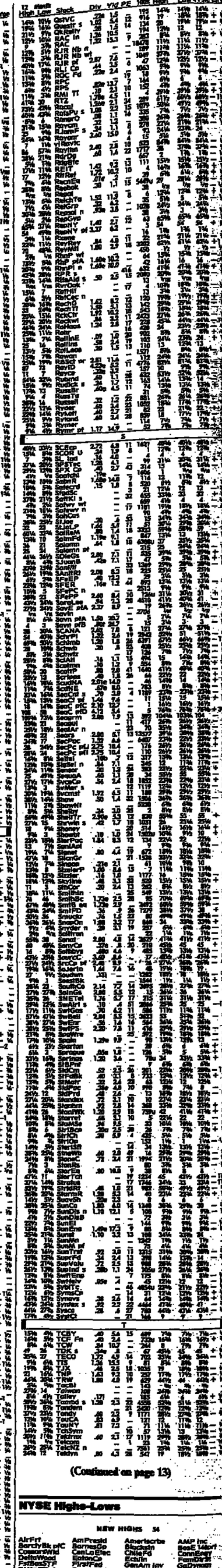


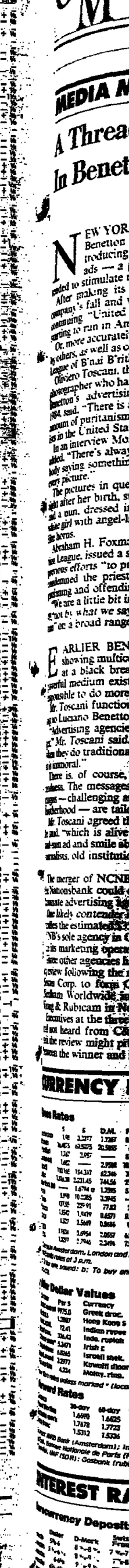


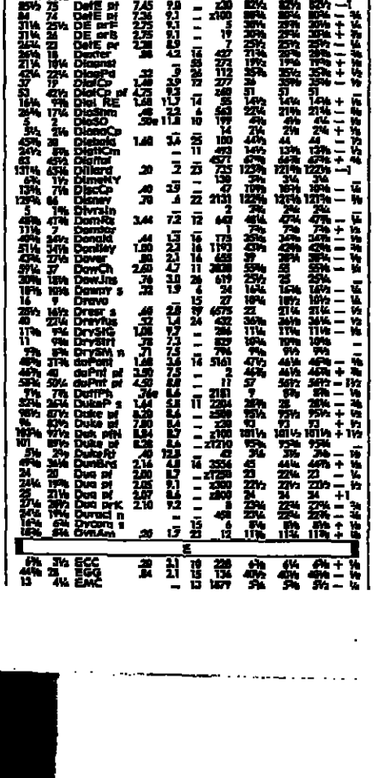


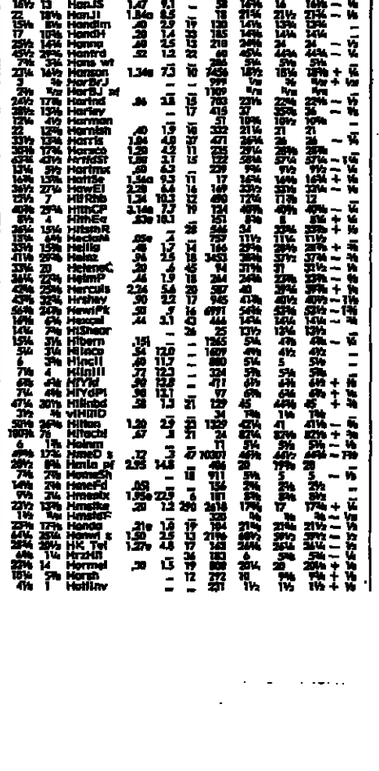


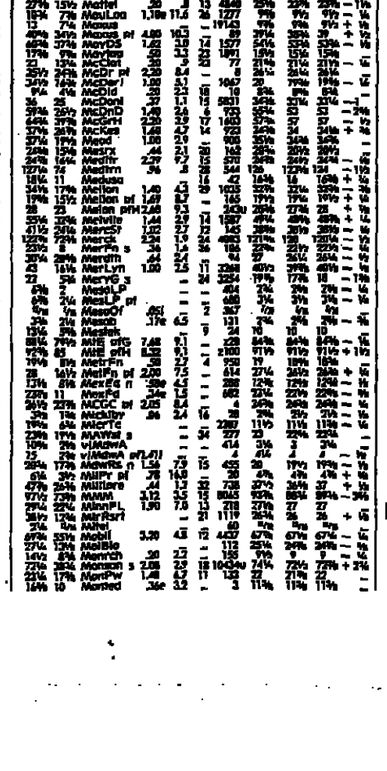


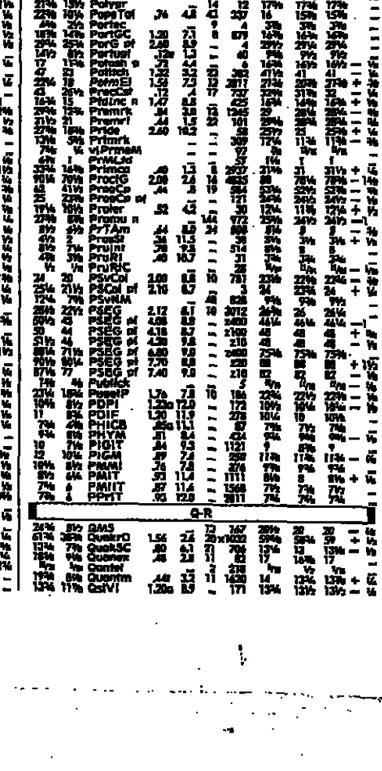


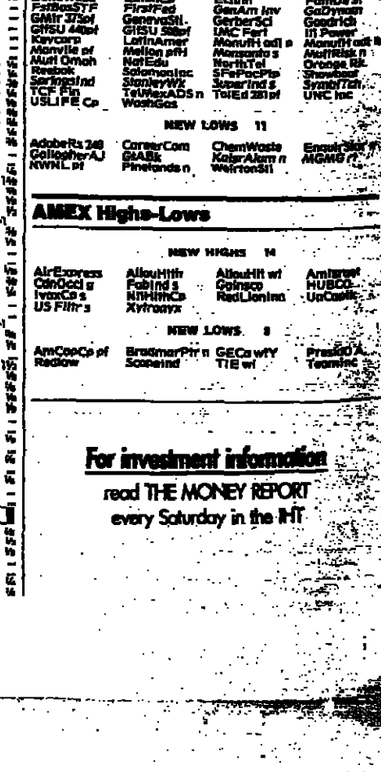


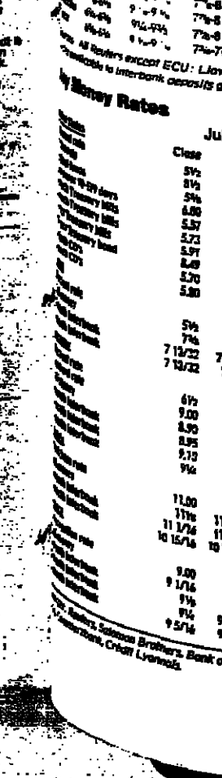












Get More

MEDIA MARK

A Thread of

In Benetton A

By Stu

New York

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Dollar Values

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NEW LOWS 8

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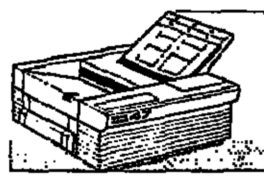
Innovative Results From HITACHI

MEDIA MARKETS

A Thread of Controversy In Benetton Advertising

By Stuart Elliott
New York Times Service

NEW YORK — Once more, the Italian clothing retailer Benetton SpA has traded hemlines for headlines, introducing — to the degree than Benetton can place the ads — a provocative print advertising campaign intended to stimulate media coverage as much as store sales.

After making its debut in Europe earlier this month, the company's fall and winter campaign, which appears under the continuing "United Colors of Benetton" umbrella theme, is starting to run in American magazines.

Or, more accurately, it is running in some while being rejected by others, as well as coming under fire from the Anti-Defamation League of B'nai B'rith.

Oliviero Toscani, the Italian photographer who has created Benetton's advertising since 1984, said, "There is a certain amount of puritanism that exists in the United States."

'Advertising is the richest and most powerful medium existing today.'

In an interview Monday, he added, "There's always somebody saying something about every picture."

The pictures in question this time include one of a baby girl right after her birth, still attached to the umbilical cord; a priest and a nun, dressed in traditional clerical garb, kissing, and a white girl with angel-like ringlets next to a black boy with devil-like horns.

Abraham H. Foxman, national director of the Anti-Defamation League, issued a statement Monday that praised Benetton's previous efforts "to promote harmony and understanding," but condemned the priest and nun ad for "trivializing, mocking, profaning and offending religious values."

"We are a little bit in advance of everyone," said Mr. Toscani, 49, "not by what we say, but by using advertising as communication" on a broad range of social and other issues.

EARLIER BENETTON controversies centered on ads showing multicolored condoms and a white baby nursing at a black breast. "Advertising is the richest and most powerful medium existing today," Mr. Toscani said, "so I feel responsible to do more than to say, 'Our sweater is pretty.'"

Mr. Toscani functions as Benetton's in-house agency, reporting to Luciano Benetton, the company president.

"Advertising agencies, all they are after is their clients' budget," Mr. Toscani said. "Clients throw money out the window when they do traditional advertising. I think it is finished. I think it is immoral."

There is, of course, a marketing method to Mr. Toscani's madness. The messages he seeks to convey in Benetton's campaigns — challenging authority, attacking prejudices, preaching brotherhood — are tailored to appeal to young consumers.

Mr. Toscani agreed that his campaigns are targeted: In Spain, he said, "which is alive with young people, they see the priest-and-nun ad and smile about that. In Italy, where there are still old journalists, old institutions, they are upset."

□

The merger of NCNB Corp. and C&S/Sovran Corp. to form the Nationsbank could offer a multimillion-dollar windfall to a fortunate advertising agency.

One likely contender is the Dallas office of Bozell Inc., which handles the estimated $35 million NCNB account. Bozell became NCNB's sole agency in October after NCNB decided to consolidate its marketing operations.

Three other agencies had been finalists in C&S/Sovran's agency review following the merger in September between C&S and Sovran Corp. to form C&S/Sovran. Those agencies are DDB Needham Worldwide in New York, GSD&M in Austin and Young & Rubicam in New York.

Executives at the three finalist agencies said Monday that they had not heard from C&S/Sovran regarding the merger. Some said the review might proceed, to be followed by a competition between the winner and Bozell for the Nationsbank account.

CURRENCY RATES

Cross Rates

July 23

	$	£	D.M.	F.F.	Lira	D.Fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.98	3.3317	1.1267	0.3318	0.1513 *	—	5.477 *	1.2972	1.445 *	1.7115	1.808 *
Brussels	36.4825	60.8875	20.5855	6.044	2.7648 *	18.2895	—	23.73	26.52 *	31.925	33.023 *
Frankfurt	1.767	2.957	—	0.2947	0.1344 *	0.8876	4.859 *	1.1536	1.2895 *	1.5295	1.605 *
London (a)	1.682	—	2.9588	10.0278	2,199.50	3.3272	60.78	2.5693	230.365	1.945	184.13
Madrid	110.165	184.317	62.346	18.367	8.372 *	55.331	3.029	71.806	80.39 *	95.401	—
Milan	1,316.20	2,201.45	744.56	219.30	—	660.85	36.171	858.45	9.598	1,140.28	11.946
New York (b)	—	1.6794 a	1.7585	5.9725	1,310.00	1.9825	36.21	1.527	137.25	1.1540	110.80
Paris	5.998	10.0385	3.3945	—	0.456 *	3.0125	0.1640	3.9129	4.3568 *	5.1945	5.446 *
Tokyo	137.55	229.31	77.83	22.93	0.1045	69.38	3.783	90.14	—	119.84	1.248
Toronto	1.1542	1.9439	0.6571	0.1936	0.883 *	0.5834	3.192 *	0.7569	0.8438 *	—	1.054 *
Zurich	1.527	2.5669	0.8686	0.256	0.1165 *	0.7787	4.2179 *	—	1.115 *	1.3284	1.3003 *
1 ECU	1.1434	0.6854	2.0557	6.9781	1,531.16	2.3183	42.313	1.7829	157.573	1.340	128.167
1 SDR	1.3297	0.7946	2.3486	7.9756	1,740.87	2.6475	48.355	2.0378	182.902	1.5486	146.488

Closings in Amsterdam, London and Zurich, fixings in other centers; New York closing rates and Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	9975.0	Greek drac.	193.10	Mex. peso	3031.00	S. Afr. rand	2.872
Austral. $	1.2887	Hong Kong $	7.7512	N. Zealand $	1.7668	Soviet ruble*	0.5983
Austr. schil.	12.41	Indian rupee	25.839	Norw. krone	6.884	Swed. krona	6.3945
Brazil cruz.	336.43	Indo. rupiah	1946.02	Phil. peso	27.00	Taiwan $	27.00
Chinese yuan*	5.3471	Irish £	0.6615	Port. escudo	151.40	Thai baht	25.65
Danish krone	6.8265	Israeli shek.	2.3325	Saudi riyal	3.75	Turkish lira	4363.00
Egypt. pound	3.2977	Kuwaiti dinar	0.2933	Sing. $	1.7495	UAE dirham	3.672
Fin. markka	4.234	Malay. ring.	2.7865	S. Kor. won	728.90	Venez. boliv.	59.76

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6690	1.6625	1.6563	Canadian dollar	1.1587	1.1615	1.1641
Deutsche mark	1.7678	1.7723	1.7768	Japanese yen	137.28	137.37	137.52
Swiss franc	1.5312	1.5336	1.5357				

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

July 23

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	5 7/8-6	8 13/16-8 15/16	7 13/16-7 15/16	11 1/16-11 3/16	9-9 1/8	7 1/16-7 3/16	9 13/16-9 15/16	7 1/8
2 months	5 15/16-6 1/16	8 15/16-9 1/16	7 7/8-8	11 1/16-11 3/16	9 1/16-9 1/4	7 1/16-7 3/16	9 3/4-9 7/8	7 1/8
3 months	6-6 1/8	9 1/16-9 3/16	7 7/8-8	10 7/8-11 1/8	9 1/8-9 1/4	7 3/8-7 1/2	9 13/16-9 15/16	7 1/4
6 months	6 1/4-6 3/8	9 1/4-9 3/8	7 7/8-8	10 13/16-10 15/16	9 1/4-9 3/8	7 1/2-7 5/8	9 15/16-10 1/16	7 3/8
1 year	6 1/2-6 5/8	9 5/16-9 7/16	7 3/4-7 7/8	10 11/16-10 13/16	9 3/8-9 1/2	7 1/8-7 1/4	10-10 1/8	7 3/4

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

July 23

	Close	Prev.
United States		
Discount rate	5 1/2	5 1/2
Prime rate	8 1/2	8 1/2
Federal funds	5 3/4	5 3/4
Com paper 30-179 days	6.00	6.00
3-month Treasury bills	5.57	5.55
6-month Treasury bills	5.73	5.72
1-year Treasury bills	5.91	5.87
30-year Treasury bond	8.49	8.48
2-month CD's	5.70	5.70
3-month CD's	5.80	5.80
Japan		
Discount rate	5 1/2	5 1/2
Call money	7 3/4	7 3/4
1-month interbank	7 13/32	7 13/32
3-month interbank	7 12/32	7 7/16
Germany		
Discount rate	6 1/2	6 1/2
Lombard rate	9.00	9.00
Call money	8.90	8.90
1-month interbank	8.95	8.95
3-month interbank	9.10	9.10
6-month interbank	9 1/4	9 1/4
Britain		
Bank base rate	11.00	11.00
Call money	11 1/8	11 1/16
3-month interbank	11 1/16	11 1/16
6-month interbank	10 15/16	10 15/16
France		
Intervention rate	9.00	9.00
Call money	9 1/16	9.00
1-month interbank	9 1/8	9 1/8
3-month interbank	9 1/4	9 3/16
6-month interbank	9 5/16	9 5/16

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

July 23

1 month	5 15/16 - 6 1/16
2 months	5 15/16 - 6 1/16
3 months	6 - 6 1/8
6 months	6 1/4 - 6 3/8
1 year	6 1/2 - 6 5/8

Source: Reuters.

U.S. Money Market Funds

July 23

Merrill Lynch Ready Assets
30-day average yield: 5.46
Telerate Interest Rate Index: 5.921
Source: Merrill Lynch, Telerate.

GOLD

July 23

	A.M.	P.M.	Ch'ge
Hong Kong	367.35	368.35	— 1.90
Luxembourg	368.35	—	— 1.90
Paris (12.5 kilo)	368.34	368.69	— 1.31
Zurich	368.45	367.70	— 2.40
London	368.05	367.40	— 2.35
New York	—	367.85	+ 0.50

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

Unisys Takes Loss to Trim 10,000 Jobs

The Associated Press

BLUE BELL, Pennsylvania — Unisys Corp. announced on Tuesday the elimination of 10,000 jobs in a major restructuring that would curtail product offerings and result in a $1.3 billion quarterly loss.

The size of the loss for the three months ended June 30 was unexpected. Without the projected cost of the restructuring, the company lost $100 million, about what was anticipated.

For the same period last year, the company earned $11.8 million before paying dividends on its preferred shares. After the dividend payments, it reported a loss of $15.1 million. Unisys has since halted the dividends.

Unisys said it would eliminate more than 6,000 jobs by the end of the year, mostly through layoffs, with the remainder to be completed by mid-1992.

The reduction will be concentrated on staff at corporate and unit headquarters, employees associated with de-emphasized product areas and on removing management layers.

A Unisys spokesman said about two-thirds of the layoffs would be in the United States.

The company expects the restructuring will result in an annual cost reduction of $800 million in a few years.

Unisys, the No. 3 computer maker in the United States, has been troubled for years, losing a combined $1.1 billion in 1989 and 1990. Unisys continues to have problems from its 1986 creation, the result of the Burroughs Corp. purchase of Sperry Corp.

State Inflation Signals Rise in Germany

By Richard E. Smith
International Herald Tribune

FRANKFURT — Germany's most populous state reported Tuesday that its inflation rate soared to 4.3 percent in July, which signals that the soon-to-be-published rate for Western Germany as a whole might be higher than widely feared.

Economists say this could further depress the Deutsche mark and could be a major reason for the Bundesbank to consider tightening its monetary brakes further when its central bank council meets in August.

The July figure for North Rhine-Westphalia, the state that includes the populous Ruhr basin, represented the highest figure in nearly a decade and was a sizable jump from the June rate of only 3.2 percent.

Although a major jump had been expected due to this month's hefty tax increases, economists noted that imported inflation and higher food prices had aggravated the situation.

"This is higher than we had expected, and it makes things more difficult for the Bundesbank, which is already making constant warnings about government spending and wage agreements," said Rainer Schröder, an economist with Dresdner Bank.

There continues to be widespread speculation about a possible rise in the Bundesbank's discount rate Aug. 15 when the central bank council meets after its summer recess and Helmut Schlesinger, long reputed as an especially vigilant inflation fighter, is making his debut as the new Bundesbank president.

Economists expect that inflation will peak in July and settle back to hover near 4 percent for most of the second half.

In a commentary released Tuesday, Deutsche Bank noted that the mark was suffering from the current rates of inflation.

But it said that the more fundamental problem for the mark remained the adjustment in Eastern Germany.

"Only with a foreseeable improvement of the situation in Eastern Germany sometime after the beginning of next year will any sharp change of sentiment take place in favor of the mark," the bank wrote in its report.

"It is difficult for the mark to perform strongly until we see the inflation numbers improving and against the background of what is happening in Eastern Germany," said Nigel Rendell, economist with James Capel & Co. in London.

Digital to Buy Bulk of Philips Data Systems

Compiled by Our Staff From Dispatches

EINDHOVEN, Netherlands — Philips NV, the largest consumer electronics company in Europe, announced Tuesday it has agreed in principle to sell most of its information systems division to Digital Equipment Corp. of the United States for an undisclosed sum.

The Dutch company said in a statement that 7,000 of its employees would be transferred to Digital as a result of the sale.

Philips, which is in the midst of a massive restructuring, currently employs 262,900 workers worldwide. Digital, based in Maynard, Massachusetts, is the second largest computer company in the United States, after International Business Machines Corp.

The sale consists of Philips's marketing operation and its European customers, not its hardware production.

Under the terms of the agreement, Philips said it would sell sections of the information systems division catering to financial institutions, small and medium-sized businesses, image and document management systems and related customer service activities.

However, Philips will retain the the dictation systems department, personal computer activities, smart card activities and manufacturing operations in Eiserfeld, Germany, the company said.

At Digital's headquarters, a spokesman said the deal was focused on Europe, where the company hopes to expand its customer base in banking and commerce.

The spokesman said Digital may offer Philips products as well as its own, because the two companies both use UNIX systems, Intel chips, and a Motorola hardware base. Philips also is developing visual imaging and other technology that could be marketed in the United States as well as Europe, he said.

No financial details were announced because the assets are still being evaluated. Financial details are not expected to be ironed out until the autumn, but the deal was announced now to comply with German labor law.

Jan D. Timmer, president of Philips, said the sale was necessitated by overcrowding of the information systems market, which includes large-scale computers and databanks for commercial use.

"This will allow us to focus our efforts on the personal computer sector," he said.

The announced sale is the latest move in Mr. Timmer's drastic streamlining efforts, which he started after taking over management of the troubled company a year ago.

In June, Philips pulled out of the appliances industry when it sold a 47 percent stake in its joint venture with Whirlpool Corp. to Whirlpool.

Analysts welcomed the sale of the information systems division, which had been responsible for sizable losses, but said it was difficult to forecast the effect on Philips earnings.

They said the acquisition would give Digital a much-needed customer base in retail banking.

(AP, Reuters)

Lawrence Malkin in New York contributed to this article.

Ready or Not: Britain and the EC Single Market

By Leigh Bruce
International Herald Tribune

Second of two articles

LONDON — Claims that British industry lags far behind its main European rivals in preparing for the intensified competition in the post-1992, border-free world are exaggerated, analysts and management experts say.

"The picture is enormously variable, and in many areas it is the Continental Europeans who are catching up with us," said David Mayes, a senior research fellow at the National Institute of Economic and Social Research, an independent, nongovernment organization.

He and others said that for industries ranging from cars, steel, chemicals and telecommunications to some food products, Britain has strong players with a global position.

Moreover, the steady rise of British exports in recent years, even with a relatively strong pound, indicates that the survivors of the brutal restructuring during the last decade are internationally competitive.

"When you consider that British Steel went from 350,000 employees 10 years ago to about 50,000 today, you realize just how effective the clear out last decade was," said Ken Simmonds, a lecturer at the London Business School.

Nonetheless, analysts also warned that despite narrowing the competitive gap considerably during the 1980s, British companies began preparing for the challenge of the single European market later than companies on the Continent. They were then abruptly sidetracked from the effort last year when the country entered into a deep recession, which has been far worse than the slowdown elsewhere in Europe.

Though the first signs of recovery have appeared in recent days, with retail sales picking up and the rise in unemployment slowing, economists said the heavy burden of corporate debt will restrain the bounceback.

More important, they asserted that the government's reluctance to join the exchange-rate mechanism of the European Monetary System until late last year had delayed the process of economic and industrial convergence with Continental standards by two to three years at least.

David Currie, director of the Center for Economic Forecasting at the London Business School, predicted that the ERM discipline would bring British inflation down to the Continental norm rapidly.

He added, however, that keeping it down and maintaining the value of the pound within the currency system while achieving economic growth would require "difficult adjustments" by companies and the government of the sort seen in France during the 1980s.

British companies began preparing for the single European market later than companies on the Continent.

Despite this widespread view that the advent of the single market will confront British industry with rugged competitive challenges, the experts also warned against painting an overly pessimistic picture.

They pointed out that the improvements in management, efficiency, productivity and labor relations during the 1980s had reduced significantly the disparity between the performance of British industry and that of the best elsewhere in Europe.

Between 1980 and 1989, productivity in manufacturing grew by an average of 5.1 percent annually in Britain, compared with 3.2 percent in France and 2.3 percent in Germany. Economists attribute some of the improvement to cyclical factors and point out that whole-economy productivity in Britain remains about 15 percent behind Germany and France. Nonetheless, the improvement has been remarkable, they said.

Moreover, the substantial inward investment from Japan, the United States and elsewhere — some £68 billion ($114 billion) between 1978 and 1989 — has helped accelerate the process of improvement. Today,

See BRITISH, Page 11

Soviet Cash Crunch Hurts U.S. Exports

By Stuart Auerbach
Washington Post Service

WASHINGTON — Frank M. Spinola has been waiting for 18 months for $1.3 million that is owed to his small Pittsburgh company by a Soviet customer, a maker of auto tires that desperately needs chemicals made by Mr. Spinola's business.

Mr. Spinola's company, Indspec Chemical Corp., is one of 30 U.S. businesses that the Commerce Department said are carrying $150 million in past-due debts accumulated by Soviet customers since that country developed a shortage of hard currency in early 1990. Mr. Spinola said his Soviet customers are frank about their inability to pay, and those still making purchases now must supply letters of credit that effectively mean cash on the barrel head for new orders.

Western businesses try to make new sales while pushing Soviets to pay old debts.

"They were short of hard currency so they ran up the bills," said Mr. Spinola, president and chief executive of Indspec.

The question of Soviet debt has become increasingly important as President Mikhail S. Gorbachev seeks additional Western aid and investment. Without added hard currency payments from the West, Moscow will find it harder to pay off past-due notes, as well as to buy equipment to upgrade its industries and consumer products to keep its restive citizens quiet.

The Frankfurt-based Deutsche Bank estimated this month that the Soviet Union's 1991 current account deficit — the broadest measure of its financial and commercial dealing with the rest of the world — will be as high as $7 billion despite large-scale sales of gold reserves. With its foreign reserves dwindling, the Soviets will have to finance that deficit with new loans and will have to refinance $12 billion in debts that come due this year, the bank said.

For Mr. Spinola, the sad state of Soviet finances means he has to walk a fine line between trying to get new sales and applying pressure to get the $1.3 million (plus $200,000 in interest) his company is owed. That represents annual salaries for 43 workers at Indspec.

Mr. Spinola has sought help from his member of Congress, the two U.S. senators from Pennsylvania, the Commerce Department and the National Association of Manufacturers — without result.

Indspec supplies a chemical used as an adhesive that is vital to produce rubber tires. But the Soviet tire industry is caught in a bind. Manufacturers require imported products to make the tires, but their product isn't good enough to be sold overseas — the only way they can earn the hard currency they need to buy foreign supplies.

Mr. Spinola noted that current orders from his Soviet customer are "a very small fraction" of what it had bought in the past, indicating that the shortage of hard currency is causing a major cutback in production.

The Soviet Union, which once had a reputation of paying its bills promptly, is meeting its past-due debts slowly. Commerce Department officials said the Soviets have cut debts to U.S. companies by $75 million, completely paying off 11 firms during the past year.

Debts to U.S. companies are small compared with the $2 billion to $5 billion owed to companies in other countries, largely in Western Europe, a Commerce Department official said.

Meanwhile, the Export-Import Bank of the United States has noted a wariness on the part of U.S. businesses to sell to the Soviet Union without guaranteed payments. The Ex-Im Bank has a $300 million cap on loans it can guarantee for sales to the Soviet Union, but U.S. companies seeking Soviet sales are asking guarantees that are far greater, as much as $2 billion, said John D. Macomber, Ex-Im president.

"Because of the chaos in the Soviet Union, American business and banks are less likely to take the full risk, so they are coming to us," said Jeni Brown Norris, vice president of the bank.

Although top Soviet banking officials are sophisticated, knowledge of how financing works in a capitalist economy has not permeated very far into Soviet businesses, even massive state-run enterprises that deal internationally.

As an example of this, an executive of one U.S. industrial giant reported that a potential customer proposed making a $50 million purchase with payments delayed for five years and then stretched over five yearly installments — with no interest charges. As a result of proposals like that, the U.S. company ran a course in basic economics for the Soviet executives. The course was set at a 12-year-old level, and the U.S. executives worried that it might be too simplistic.

Instead, they found "it wasn't basic enough for the Soviets."

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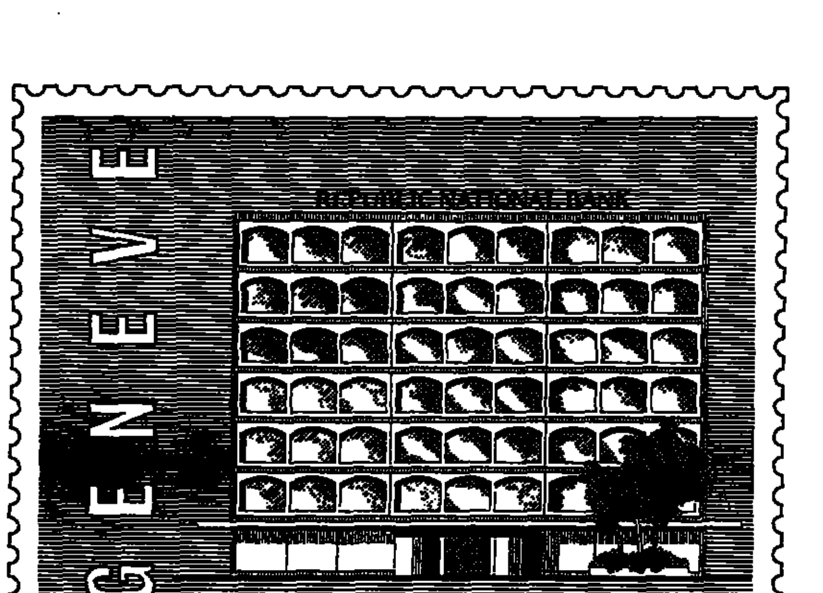

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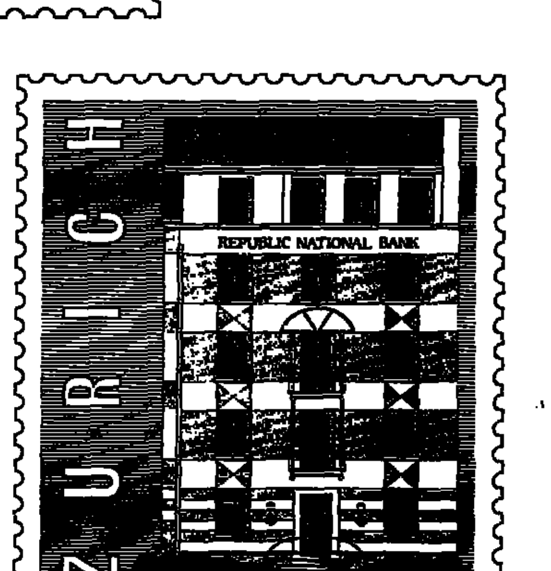

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MARKET DIARY

N.Y. Stocks Slide In Program Selling

United Press International

NEW YORK — Jitters about interest rates, more earnings reports and a wave of computer-guided program selling concentrated in blue-chip stocks sent prices sharply lower in moderate trading Tuesday on the New York Stock Exchange.

The Dow Jones industrial average, which slipped 3.35 points

N.Y. Stocks

Monday, fell another 29.74 points to 2,983.23. The key average was ahead more than 15 points shortly after the market opened.

Among the broad-based gauges, the NYSE composite index fell 1.74 to 208.21 and the Standard & Poor's 500-stock index fell 3.46 to 379.42. The price of an average NYSE share lost 28 cents.

Declines led advances by a 2-1 margin. Adjusted volume amounted to 160.01 million shares, up from 149.05 million Tuesday.

Stocks also fell sharply on the American Stock Exchange and in the over-the-counter market.

Analysts noted the economic rebound has yet to show up in corporate profits.

Gene Seagle, technical research director at Gruntal & Co., said comments by Michael Boskin, chairman of the Council of Economic Advisers, that he was concerned about upward pressure on global interest rates also sent stocks lower. 3M fell 3⅜ to 89⅝ — accounting for almost a 6 point loss in the Dow — after reporting second-quarter earnings dropped 12.6 percent to $299 million.

GM fell 1⅛ to 41⅛, amid expectations its second-quarter results on Thursday will show a loss of between $690 million and $780 million, against last year's quarterly profit of $900 million.

American Express led the NYSE actives, rising 1⅜ to 24¾. PepsiCo was second, unchanged at 29 and Unisys was third, rising ½ to 4.

Dollar Ends Quiet Day With Moderate Losses

Reuters

NEW YORK — Thin trading in narrow ranges characterized Tuesday's foreign exchange session, which ended with moderate losses for the dollar.

"It was a dead, garbage, boring day," said Lenny Dendunnen at Union Bank of Switzerland.

The dollar traded in ranges of 1½ pfennig and a half-yen. Its future

Foreign Exchange

direction remained uncertain.

The currency finished at 1.7595 Deutsche marks, down from 1.7620 at the close Monday, and at 137.25 yen, down from Monday's 137.72.

The dollar ended at 1.527 Swiss francs and 5.9735 French francs, compared to 1.5255 and 5.9855 at the close Monday. The British pound ended slightly up at $1.6794 from Monday's $1.6791.

Pierre Yves Boulet, corporate trader at Banque Indosuez, said investors are confused about the dollar's direction because the U.S. economy is not recovering as quickly as people had once thought and a dollar rally risks central bank intervention to quash it.

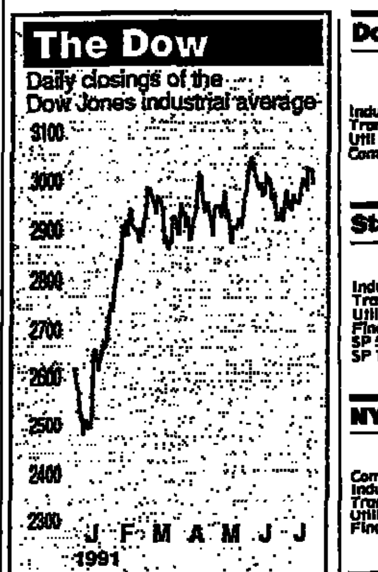
Less than two weeks ago, 15 central banks, including the Federal Reserve, waged a successful assault on the dollar, driving it down from above 1.84 DM.

During Tuesday's session, Michael Boskin, the White House economic adviser, said the U.S. economy appears to be in a recovery although some regions are lagging.

In London, the dollar was stable against the mark at 1.7565 DM, the same as Monday's close, but it fell to 137.05 yen from 137.30.

Also in London, the dollar rose slightly against the Swiss franc to 1.5268 from Monday's 1.5195. The dollar ended at 5.9675 French francs, up from 5.9645. The pound fell slightly to $1.6820 from Monday's $1.6825.

Via Associated Press July 23



NYSE Most Actives

	Vol.	High	Low	Last	Chg.
AmExp	30218	24⅞	23⅝	24¾	+1⅜
PepsiC	27448	29½	29	29	+ ⅛
Unisys	27266	4⅛	3½	4	+ ½
C&S Sovr	19875	27½	27⅛	27½	+ ⅛
Maxus	19142	9⅝	9⅜	9½	+ ⅛
RJR Nb n	18478	11½	11¼	11½	
PhilMr	17221	66	65½	65¾	+ ⅛
LizClab	17189	42⅞	42	42⅛	+1⅛
CmpAsc	16047	9¼	8⅞	9	—1
TelMex n	15823	32⅛	31½	31½	— ½
NCNB	14449	34⅞	34⅛	34⅜	— ¼
MIN	14223	7⅞	7⅝	7⅝	— ⅜
Sears	13577	39¼	38⅞	38⅞	+ ⅜
AMD	13391	10⅝	10⅛	10⅛	— ½
Waste	12940	37¼	35⅞	36⅛	— ⅝

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
DowC rt	4443	6⅞	6½	6⅝	— ⅛
EchoBy	2969	9⅞	9½	9⅝	+ ⅛
FruitL	2823	16⅛	15¾	15⅞	— ⅛
AExpl	2526	3⅛	2⅞	3	+ ⅛
Harken	2390	5½	4⅞	5	— ⅜
CornCr	2261	22⅛	21⅞	22	
Kirby	2123	12½	11⅞	11⅞	— ⅜
IvaxCp s	1839	33⅛	31⅛	31⅝	— ⅝
ComSys	1823	3⅝	3⅜	3⅝	
CalEng	1747	14	13½	13⅞	— ⅛
EksNk wt	1661	9	8⅞	9	— ⅛
ForstL s	1489	40⅛	39½	39½	+ ⅛
Xytron	1296	25⅛	22⅝	23⅝	+1⅞
Amdhl	1231	15⅛	14⅞	15⅛	+ ⅛
FAusPr	1147	10⅛	10⅛	10⅛	— ⅛

NYSE Diary

	Close	Prev.
Advanced	563	692
Declined	1017	915
Unchanged	499	491
Total Issues	2079	2098
New Highs	54	58
New Lows	11	11

Amex Diary

	Close	Prev.
Advanced	206	242
Declined	338	286
Unchanged	253	246
Total Issues	797	774
New Highs	14	19
New Lows	8	7

NASDAQ Diary

	Close	Prev.
Advanced	796	843
Declined	1,088	999
Unchanged	2,246	2,287
Total Issues	4,130	4,129

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	3021.24	3038.24	2972.94	2983.23	— 29.74
Trans	1213.86	1221.09	1197.64	1202.40	— 9.87
Util	201.27	202.09	199.32	200.26	— 0.38
Comp	1072.98	1078.89	1057.57	1061.57	— 8.86

Standard & Poor's Indexes

	High	Low	Close	Ch'ge
Industrials	459.12	452.03	452.05	—4.77
Transp.	299.86	295.17	295.63	—2.48
Utilities	138.29	136.95	137.12	—0.24
Finance	30.42	30.05	30.17	—0.17
SP 500	384.86	379.39	379.42	—3.46
SP 100	368.42	362.68	362.79	—3.71

NYSE Indexes

	High	Low	Close	Ch'ge
Composite	210.23	208.22	208.22	—1.73
Industrials	264.96	262.18	262.18	—2.45
Transp.	180.17	178.52	178.53	—1.21
Utilities	90.16	89.78	89.78	—0.16
Finance	153.30	152.52	152.53	—0.72

NASDAQ Indexes

	High	Low	Close	Ch'ge
Composite	496.08	489.48	489.65	—5.34
Industrials	551.53	542.89	542.89	—7.28
Finance	497.79	495.67	496.33	—0.35
Insurance	546.97	539.44	539.94	—6.79
Utilities	557.51	547.94	549.56	—6.69
Banks	326.98	322.38	323.81	—2.16
Transp.	513.61	507.07	507.52	—4.18

AMEX Stock Index

High	Low	Close	Ch'ge
368.96	367.06	367.38	—1.31

Dow Jones Bond Averages

	Close	Ch'ge
20 Bonds	94.70	+0.19
10 Utilities	95.91	+0.31
10 Industrials	93.48	+0.07

Market Sales

NYSE 4 p.m. volume	160,010,000
NYSE prev. cons. close	182,614,180
Amex 4 p.m. volume	9,160,000
Amex prev. cons. close	11,720,000
NASDAQ 4 p.m. volume	144,700,600
NASDAQ prev. 4 p.m. volume	127,912,000
NYSE volume up	46,620,100
NYSE volume down	93,584,500
Amex volume up	2,294,000
Amex volume down	4,457,300
NASDAQ volume up	n.a.
NASDAQ volume down	n.a.

S&P 100 Index Options

July 23

Strike Price	Calls-Last Jly	Aug	Sep	Oct	Puts-Last Jly	Aug	Sep	Oct
335	—	—	—	—	⅛	2⅛	3½	—
340	23½	—	—	—	⅛	3	3⅝	5⅝
345	22	—	—	—	1⅛	4	5⅝	—
350	15	—	—	—	2⅛	5	6½	7⅝
355	11	16½	—	—	3⅛	6⅝	8	—
360	7⅝	11⅛	—	13	4⅞	8	10⅛	14
365	4⅝	8⅝	12⅞	—	8⅝	10⅝	11⅜	—
370	2⅛	6⅝	9½	8	10	12½	13⅝	19½
375	1⅛	4⅛	6⅝	—	14	15⅝	16⅞	—
380	⅛	2⅞	5⅛	—	18	17	21	—
385	⅛	1⅝	3⅛	—	—	—	—	—

Calls: total vol. 92,822; total open int. 237,667
Puts: total vol. 95,585; total open int. 345,095

	Dec 92	Dec 93	Dec 92	Dec 93
27½	—	—	—	—
30	6⅝	—	⅝	—
32½	6¼	—	1⅛	—
35	4⅛	—	2⅝	2⅞
37½	—	—	3⅝	4
40	—	—	4⅝	—

Calls: total vol. 3; total open int. 22,381
Puts: total vol. 177; total open int. 65,246
Source: CBOE.

EUROPEAN FUTURES

Food

	Close		High	Low	Prev. Close	
SUGAR (FOX) U.S. Dollars per metric ton-lots of 50 tons						
Aug	231.00	235.00	232.00	231.00	N.A.	N.A.
Oct	206.40	206.40	208.40	207.00	—	—
Dec	184.40	189.20	191.00	188.00	—	—
Mar	189.40	190.20	194.00	192.00	—	—
May	191.00	191.20	N.T.	N.T.	—	—
Aug	195.00	195.20	N.T.	N.T.	—	—
Oct	192.00	194.20	N.T.	N.T.	—	—
Est. Sales 313.						
COCOA (FOX) Sterling per metric ton-lots of 10 tons						
Jul	594	596	597	596	N.A.	N.A.
Sep	616	617	619	606	—	—
Dec	653	656	658	647	—	—
Mar	692	693	695	685	—	—
May	714	715	717	707	—	—
Jul	734	735	735	727	—	—
Sep	754	755	755	745	—	—
Est. Sales 2,678.						
COFFEE (FOX) Sterling per metric ton-lots of 5 tons						
Jul	524	525	527	524	N.A.	N.A.
Sep	543	544	550	541	—	—
Nov	563	564	572	563	—	—
Jan	579	580	589	579	—	—
Mar	591	594	600	594	—	—
Est. Sales 1,761.						

WHITE SUGAR (Matif) Dollars per metric ton-lots of 50 tons	High	Low		Close	Ch'ge
Oct	283.00	281.50	280.00	281.50	— 3.40
Dec	N.T.	N.T.	270.50	272.40	— 4.60
Mar	N.T.	N.T.	272.00	274.00	— 1.30
May	N.T.	N.T.	274.00	277.00	— 2.00
Aug	N.T.	N.T.	273.00	275.00	— 1.50
Oct	N.T.	N.T.	257.00	260.00	— 1.00

Est. sales 791. Prev. sales 37 lots. Open interest 10,889.

Metals

	Close Bid	Ask	Previous Bid	Ask
ALUMINUM (High Grade) Dollars per metric ton				
Spot	1279.00	1281.00	1291.00	1292.00
Forward	1312.00	1313.00	1324.00	1325.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1316.00	1318.00	1321.00	1323.00
Forward	1336.00	1338.00	1339.00	1340.00
LEAD Sterling per metric ton				
Spot	321.50	322.00	321.50	322.50
Forward	333.00	333.50	331.50	332.50
NICKEL Dollars per metric ton				
Spot	8290.00	8310.00	8300.00	8310.00
Forward	8310.00	8325.00	8310.00	8320.00
TIN Dollars per metric ton				
Spot	5670.00	5680.00	5660.00	5665.00
Forward	5760.00	5765.00	5732.00	5755.00
ZINC (Special High Grade) Dollars per metric ton				
Spot	1061.00	1063.00	1064.00	1066.00
Forward	1076.00	1077.00	1075.00	1076.00

Financial

	High	Low	Close	Change
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct				
Sep	89.35	89.31	89.32	—0.03
Dec	89.74	89.68	89.69	—0.05
Mar	89.90	89.86	89.87	—0.04
Jun	89.79	89.75	89.77	—0.03
Sep	89.57	89.56	89.56	—0.02
Dec	89.48	89.47	89.47	—0.02
Mar	89.36	89.23	89.35	Unch.
Jun	89.35	89.33	89.33	—0.01
Sep	89.34	89.32	89.33	Unch.
Dec	89.33	89.31	89.32	Unch.
Est. volume: 22,879. Open interest: 126,122.				
3-MONTH EURODOLLARS (LIFFE) $1 million - pts of 100 pct				
Sep	93.77	93.73	93.75	—0.01
Dec	93.17	93.14	93.16	—0.01
Mar	93.12	93.09	93.11	Unch.
Jun	92.75	92.70	92.71	—0.02
Sep	92.29	92.29	92.30	Unch.
Dec	91.91	91.91	91.91	Unch.
Mar	91.93	91.93	91.94	Unch.
Est. volume: 1286; 771 28,718.				
3-MONTH EUROMARKS (LIFFE) DM1 million - pts of 100 pct				
Sep	90.74	90.66	90.67	—0.08
Dec	90.72	90.63	90.64	—0.08
Mar	90.90	90.82	90.82	—0.08
Jun	91.05	90.98	90.98	—0.07
Sep	91.15	91.15	91.12	—0.07
Mar	N.T.	N.T.	91.35	—0.06
Jun	91.40	91.40	91.42	—0.03
Est. volume: 23,216. Open interest: 104,604.				

	High	Low	Close	Change
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct				
Sep	92-06	91-18	91-21	—0-12
Dec	92-05	92-01	91-21	—0-12
Est. volume: 17,996. Open interest: 33,590.				
GERMAN GOVERNMENT BUND (LIFFE) DM 250,000 - pts of 100 pct				
Sep	84.06	83.67	83.72	—0.27
Dec	84.08	83.94	83.89	—0.27
Mar	N.T.	N.T.	84.01	—0.27
Est. volume: 45,397. Open interest: 80,107.				

Industrials

	High	Low	Last	Settle	Ch'ge
GASOIL (IPE) U.S. dollars per metric ton-lots of 100 tons					
Aug	185.00	182.00	184.00	183.75	—2.00
Sep	185.50	183.25	184.50	184.25	—2.50
Oct	188.00	185.25	187.00	187.00	—1.50
Nov	189.50	186.25	188.00	188.00	—1.50
Dec	190.00	187.00	188.00	188.00	—2.50
Jan	185.50	187.50	184.50	184.50	—2.50
Feb	179.75	179.75	179.75	179.75	—2.25
Mar	175.00	175.00	175.00	175.00	—2.50
Apr	174.00	172.50	172.50	172.50	—1.75
Est. Sales 10,946. Prev. sales 5,599. Open interest 81,939					
BRENT CRUDE OIL (IPE) U.S. dollars per barrel-lots of 1,000 barrels					
Sep	19.95	19.42	19.50	19.50	—0.48
Oct	19.92	19.50	19.54	19.52	—0.45
Nov	19.91	19.55	19.40	19.60	—0.37
Dec	19.68	19.50	19.52	19.51	—0.36
Jan	19.62	19.55	19.42	19.40	—0.30
Feb	N.T.	N.T.	N.T.	19.35	—0.30
Mar	N.T.	N.T.	N.T.	19.15	—0.21
Apr	N.T.	N.T.	N.T.	19.15	—0.27
May	N.T.	N.T.	N.T.	19.00	—0.21
Est. Sales 23,000. Prev. sales 14,473. Open interest 58,078					

Stock Indexes

FTSE 100 (LIFFE) £25 per index point	High	Low	Close	Change
Sep	2638.0	2603.0	2625.0	+32.5
Dec	2648.0	2650.0	2666.5	+34.0

Est. volume: 11,065. Open interest: 33,216.

Sources: Reuters, Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

Spot Commodities

Commodity	Today	Prev.
Aluminum, lb	0.581	0.586
Coffee, lb	0.68	0.68
Copper electrolytic, lb	1.116	1.107
Iron FOB, ton	213.00	213.00
Lead, lb	0.36	0.36
Silver, troy oz	4.285	4.365
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	0.99	0.99
Tin, lb	3.6663	3.6688
Zinc, lb	0.53	0.54

Dividends

Company	Per	Amt	Pay	Rec
INCREASED				
Cooper Tire Rubber	Q	.07	9-30	9-6
Southwestern El Svc	Q	.61	9-25	9-11
USUAL				
Ameribanc Inc	Q	.05	8-23	8-9
Evergreen Bancorp	Q	.18	8-10	7-31
First Charter Corp	Q	.09	10-15	9-28
Fourth Fncl Corp	Q	.22	9-1	8-15
Hartmax Corp	Q	.15	8-15	8-1
Helix Technology	Q	.19	8-20	8-2
Inco Ltd	Q	.25	9-3	8-2
Johnson & Johnson	Q	.40	9-10	8-20
NBB Bancorp	Q	.16	8-14	7-30
Natl Security Grp	Q	.17	8-30	8-12
Stone Container	Q	.18	9-12	8-20
Union Electric	Q	.54	9-30	9-4

a-annual; m-monthly; q-quarterly; s-semi-annual

Source: UPI.

N.Y.S.E. Odd-Lot Trading

	Buy	Sales	Short*
July 22	512,491	467,505	13,219
July 19	621,526	676,366	21,149
July 18	666,198	697,285	22,409
July 17	667,497	698,765	24,907
July 16	649,199	798,147	90,825

*Included in the sales figures.

U.S./AT THE CLOSE

Boskin Is Cautious on U.S. Recovery

WASHINGTON (Reuters) — The White House chief economic adviser, Michael Boskin, said Tuesday that the U.S. economy appears to be in recovery and the administration expects the economy to expand in the second half of 1991 and continue to grow through next year and beyond.

"We expect a return to more solid growth later this year and into 1992," Mr. Boskin said in prepared testimony before the congressional Joint Economic Committee.

"We then expect the economy, if sensible policies are followed, to be poised for a sustained expansion," he said.

Mr. Boskin who heads the President's Council of Economic Advisers, said that while the overall economy appears to be in recovery, some regions of the United States, as well as some *business* sectors, still lag behind. He noted that the automotive, real estate and construction sectors were particularly hard hit during the recession.

Mr. Boskin also noted that the Northeast, Michigan and California suffered deeper economic decline than the rest of the nation.

Pratt & Whitney Sues in Hungary

EAST HARTFORD, Connecticut (UPI) — Pratt & Whitney filed legal action in Hungary Tuesday, claiming Malev Hungarian Airlines reneged on a contract to purchase jet engines for its new Boeing 767 aircraft, the company said.

Pratt & Whitney, a unit of United Technologies Corp., claimed in a Budapest court that Tamas Deri, chief executive officer of Malev, accepted in writing Pratt & Whitney's offer last December to sell its PW4000 engines and related support services.

Malev later signed a contract to purchase engines from another supplier.

Oil Companies Report Earnings

FAIRFAX, Virginia (Reuters) — Mobil Corp., the nation's second-largest oil company, on Tuesday reported an 11 percent drop in second-quarter earnings, citing a decline in natural gas prices in North America and higher exploration expenses overseas.

Mobil said it earned $445 million, down from $498 million in the second quarter of last year.

Among other oil companies reporting earnings, Occidental Petroleum Corp. said its profits shot up 65 percent, while Phillips Petroleum Co. recorded an 85 percent earnings drop.

Investment Banks' Profits Advance

NEW YORK (Reuters) — Morgan Stanley Group Inc. and Salomon Inc. reported higher-than-expected second-quarter earnings, as an active underwriting calendar and relatively strong trading volume helped boost Wall Street's overall results for the period, analysts said.

Like their Wall Street rivals, Morgan Stanley and Salomon's profits for *the June quarter slipped* from the first quarter's spectacular heights.

PepsiCo Gains 9% in 2d Quarter

PURCHASE, New York (AP) — Higher soft drink and restaurant profits helped PepsiCo to a 9 percent increase in second-quarter net income, the company said Tuesday.

PepsiCo reported net income of $318.3 million, or 39 cents per share, in *the quarter ended June 15. That compared* with earnings of $292.5 million, or 36 cents per share, in the second quarter of 1990.

For the Record

CBS Inc. said Tuesday it had agreed to buy two television stations in Minnesota and Wisconsin, two radio stations, a cable television system and a regional cable channel for about $200 million, substantially all of the assets of Midwest Communications Inc. for a combination of $50 million in CBS stock and the assumption of about $150 million of Midwest debt. *(AP)*

Robert Maxwell Group PLC said it sold 1,976,381 ordinary shares in Scitex Corp Ltd. to Goldman Sachs & Co., reducing its stake in the Israeli company to 19.26 percent from 21.9 percent. *(Reuters)*

IMF: *In Move Aimed at Direct Loans, Soviet Union Seeks Full Membership*

(Continued from page 1)

why it took Moscow a week to deliver the letter.

The United States opposes the Soviet move, officials said.

"This letter raises the ante a bit more than we're comfortable with," an official said. "It's a bit awkward for us. The last thing we want to be doing at this point is denying something to the Soviets."

At the same time, the United States and the Soviet Union were redoubling efforts to broaden commercial ties by removing the last *obstacle to ratifying* a trade agreement that was signed here last year, and by giving the Soviet Union favorable tariff treatment. President George Bush has not sent the treaty to the Senate.

Full membership poses two major policy issues for the IMF:

• Whether the Soviet Union would join as a single country with one central bank or whether special deals would be struck with one or more of the increasingly fractious *16 republics.*

• The convertibility of the ruble. The monetary fund requires that its members give companies and individuals at least some ability to exchange their home currency for foreign currencies.

Soviet membership in either institution would pose several thorny bureaucratic issues that could take months or years to resolve, fund and World Bank officials have said.

The World Bank has a fixed *number of shares, and the Soviet* Union would have to find a nation willing to part with some of its shares in order to join. Industrialized nations own most of the shares and have traditionally been reluctant to give them up because their representatives on the World Bank's executive board carry votes in proportion.

WORLD STOCK MARKETS

Agence France Presse July 23

Amsterdam	Close	Prev.
ABN Amro Hld	38.10	37.70
ACF Holding	38.30	38.50
Aegon	120	119
Ahold	82.20	82.50
Akzo	115.10	115.20
AMEV	51.40	51.40
A'Dam Rubber	3.25	3.25
Bols	202	200.90
Buhrmann Tett	49.70	49.70
Center Parcs	26.25	27
CSM	82	81
DAF	22.90	22.10
DSM	113	113.10
Elsevier	87.90	88.10
Fokker	34	33.90
Gist-Brocades	33.80	33.10
Heineken	156.90	157.30
Hoogovens	62.20	60.90
Hunter Douglas	87.60	87.50
IHC Caland	62.20	61.30
Inter Mueller	81.80	81.80
Int'l Nederland	49.80	48.90
KLM	29.60	29.40
KNP	54	53.80
Nedlloyd	58.20	57.60
Oce Grinten	59	58
Pakhoed	194.30	194.80
Philips	32.90	32.60
Robeco	101.50	100.90
Rodamco	54	53.90
Rolinco	101.50	100.80
Rorento	66.50	66.40
Royal Dutch	163	161.80
Unilever	161.40	160.70
Van Ommeren	46.90	46.50
VMF Stork	46.40	45.80
VNU	76	75.80
Wessanen	86	85.80
Wolters/Kluwer	53.80	53.50

CBS trend index: 94.80
Previous: 94.40

Brussels	Close	Prev.
AG Fin	1775	1755
Arbed	4340	4375
Barco	1114	1118
Bekaert	9410	9410
Cockerill	174	174
Cobepa	4985	4985
Delhaize	7820	7870
Electrabel	4410	4420
GB-Inno-BM	1268	1268
GBL	3415	3415
Gevaert	6610	6690
Hoboken	10825	10825
Intercom	N.A.	1193
Kredietbank	4005	4000
Petrofina	11650	11650
Royal Belge	4020	4100
Soc Gen Bque	5020	5040
Soc Gen Belgique	2410	2390
Sofina	11700	11750
Solvay	12950	13000
Tractebel	8200	8210
UCB	16825	16800
Powerfin	2375	2330

Current Stock Index: 5787.15
Previous: 5722.32

Frankfurt	Close	Prev.
AEG	186.20	184.50
Allianz Hold	2215	2180
Altana	643	638.50
Asko	883	880
BASF	240.10	239.80
Bayer	279.90	279
Bay. Hypo bank	350	346
Bay Vereinsbk	387	383
BBC	781	790
BHF Bank	381.50	380
BMW	497	487.50
Commerzbank	245.50	244.50
Continental	190	190
Daimler Benz	751	747
Degussa	343	342
Dt Babcock	167.50	164.50
Deutsche Bank	630	627
Douglas	708	710
Dresdner Bank	355	351.50
Harpener	319	320
Henkel	571	563.50
Hochtief	1350	1337
Hoechst	244.50	245
Hoesch	260	258.50
Holzmann	1355	1352
Horten	202	198.50
IWKA	322	322.70
Kali Salz	173.20	174
Karstadt	648	650
Kaufhof	472	472
KHD	171.50	168.50
Kloeckner Werke	138.60	138.50
Krupp Stahl	148	146
Linde	827	822
Lufthansa	135.20	134
MAN	375.50	375.50
Mannesmann	275.50	273.90
Metallgesell	498.90	494
Muench Rueck	2420	2370
Nixdorf	246	244
PKI	N.Q.	515
Porsche	815	810
Preussag	355.70	355
PWA	257	258
RWE	380.50	380.50
Rheinmetall	N.Q.	330
Schering	833.50	834
SEL	385	369
Siemens	650.20	644.30
Thyssen	225.60	224.70
Varta	328.30	324.50
Veba	345.50	343.80
VEW	199.20	199.50
Viag	374.70	375.70
Volkswagen	369.50	368.20
Wella	635	640

DAX Index: 1632.94
Previous: 1623.83
FAZ Index: 680.58
Previous: 675.07

Helsinki	Close	Prev.
Amer A	51	55
Enso-Gutzeit	17.70	17.60
K.O.P.	33.50	32
Kymmene	64.50	63.10
Metra	70	70
Nokia	94	93
Pohjola	96	95
Repola	51.60	51
Stockmann	110	110

HEX Index: 991.50
Previous: 988.70

Hong Kong	Close	Prev.
Bk East Asia	18.80	18.50
Cathay Pacific	8.85	8.85
Cavendish Int'l	3.73	3.75
Cheung Kong	20.40	20.20
China Light Pwr	21.10	21
Dairy Farm Int'l	11.10	11
Hang Lung Dev	8.25	8.30
Hang Seng Bank	31.25	31.25
Henderson Land	13.40	13.30
HK Air Eng.	18.40	18.50
HK China Gas	11	10.90
HK Electric	12.20	12.10
HK Land	8.85	8.80
HK Realty Trust	6.15	6.20
HK Shang Bank	27.70	27.70
HK Shang Htls	4.55	4.50
HK Telecomm	6.85	6.95
HK Ferry	5.05	5.05
Hutch Whampoa	16	15.50
Hysan Dev	7.90	7.80
Jardine Math.	36.50	35.75
Jardine Str Hld	18.10	18.10
Kowloon Motor	7.35	7.35
Mandarin Orient	4.55	4.58
Miramar Hotel	5.80	5.60
New World Dev	11.40	11.70
SHK Props	22.10	21.80
Stelux	3.43	3.45
Swire Pac A	22	22
Tai Cheung Pros	4.60	4.58
TVE	1.59	1.58
Wharf Hold	10.30	10.10
Wing On Co	7.90	7.95
Winsor Ind.	9.85	9.85
World Int'l	5.70	5.65

Hang Seng Index: 4009.82
Previous: 3988.35

Johannesburg	Close	Prev.
AECI	13	13
Altech	95	95
Anglo Amer	119.50	122
Barlows	45.25	46.50
Blyvoor	7	7
Buffels	48	43
De Beers	87	89
Driefontein	42.25	44
Gencor	14.30	14.65
GFSA	83	84
Harmony	19	20
Highveld Steel	17.25	18
Kloof	33.50	35.50
Nedbank Grp	14	14.50
Randfontein	15.75	16.60
Rusplat	74	74.25
SA Brews	54.50	56
St Helena	27	27
Sasol	14.35	14.45
Welkom	17	17
Western Deep	125	130

Composite Stock Index: 3472
Previous: 3522

London	Close	Prev.
Abbey Nat'l	2.98	2.93
Allied Lyons	5.72	5.64
Arjo Wiggins	2.88	2.81
Argyll Group	3.12	3.10
ASDA Group	0.96	0.94
Ass Brit Foods	5.31	5.27
BAA	4.17	4.19
BAe	5.58	5.62
Bank Scotland	1.79	1.76
Barclays	4.73	4.70
Bass	9.37	9.26
BAT	7.35	7.45
BET	1.92	1.88
BICC	4.60	4.47
Blue Circle	2.59	2.53
BOC Group	5.68	5.76
Boots	4.14	4.07
BP	3.47	3.48
Brit Airways	1.72	1.70
Brit Gas	2.74	2.71
Brit Steel	1.25	1.23
Brit Telecom	3.79	3.65
BTR	4.11	4.03
Cable Wire	5.70	5.45
Cadbury Sch	3.78	3.71
Comm Union	5.20	5.19
Courtaulds	4.30	4.33
Enterprise Oil	5.38	5.44
Eurotunnel	4.58	4.55
Fisons	5.05	5.09
Forte	2.57	2.52
GEC	1.86	1.83
Gen'l Acc	5.26	5.23
Glaxo	12.73	12.75
Grand Met	7.92	7.80
GRE	1.78	1.80
Guinness	10	9.80
GUS	16	16
Hanson	2.14	2.11
Hawker Sidd	5.67	5.57
Hillsdown	2.28	2.26
ICI	13	12.89
Kingfisher	5.48	5.25
Ladbroke	2.66	2.54
Land Sec	5.02	4.88
Lasmo	3.62	3.40
Legal Gen Grp	4.25	4.18
Lloyds Bank	3.51	3.48
Lonrho	2.65	2.64
Lucas Ind	1.46	1.41
Marks Sp	2.82	2.74
Maxwell	1.98	1.91
MEPC	4.59	4.45
Midland Bk	1.93	1.92
Nat'l Power	1.52	1.48
NatWest	3.20	3.16
Nthwst Water	N.A.	3.74
Pearson	7.47	7.33
P & O	5.62	5.52
Pilkington	1.58	1.51
PowerGen	1.54	1.51
Prudential	2.41	2.39
Racal Elec	2.23	2.27
Rank Org	6.67	6.50
Reckitt Col	16.75	16.73
Redland	5.83	5.58
Reed Int'l	4.58	4.43
Reuters	7.90	7.82
RMC Group	6.58	6.42
Rolls Royce	1.55	1.56
Rothmans	10.50	10.60
Royal Ins	4.01	4
Royal Scot	1.79	1.80
RTZ	5.80	5.70
Sainsbury	3.70	3.70
Scot Newcas	4.12	4.08
Sears Holds	0.81	0.77
Severn Trent	N.A.	2.46
Shell	5.41	5.39
Smith Nephew	1.34	1.33
SmithKline B	8.36	8.35
Sun Alliance	3.75	3.66
Tarmac	2.32	2.25
Tate & Lyle	3.90	3.79
Tesco	2.79	2.81
Thorn EMI	7.23	7.18
Trafalgar Hse	2.31	2.40
TSB Group	1.46	1.46
Ultramar	2.70	2.68
Unilever	7.60	7.50
Utd Biscuits	3.83	3.79
War Loan 3½	35	34.91
Wellcome	7.28	7.17
Whitbread	4.80	4.68
Williams Hdgs	3.28	3.15
Willis Corroon	3.28	3.25

F.T. 30 Index: 2007.20
Previous: 1973.80
F.T.S.E. 100 Index: 2587.90
Previous: 2558.50

Madrid	Close	Prev.
Bco. Bilbao/Viz.	3140	3120
Banco Central	4290	4230
Bco. Santander	5120	5060
Banesto	3600	3525
CEPSA	2300	2305
Dragados	2420	2405
Iberduero	689	672
Telefonica	985	985

S.E. General Index: 278.58
Previous: 268.32

Milan	Close	Prev.
Alenia	2872	2880
Banca Comm	4540	4570
Bastogi	222	221
Benetton group	9810	9899
Cigahotels	2400	2415
CIR	2835	2780
Cred Ital	2690	2670
Enichem	1457	1450
Eridania	7261	7261
Ferfin	2159	2148
Ferfin Risp	1320	1313
Fiat SPA	6000	6000
Generali	32075	31950
IFI	15725	15775
Italcem	22100	22200
Italgas	3123	3128
Italmobiliare	73200	73400
Mediobanca	15650	15625
Montedison	1466	1478
Olivetti	3772	3725
Pirelli	2050	2040
RAS	19050	19151
Rinascente	7390	7385
Saipem	1450	1445
SIP	1132	1124
SME	3070	3010
Snia	1458	1460
Standa	35250	35400
Stet	2048	2015
Toro Assi Risp	23200	22900

MIB Index: 1108
Previous: 1106

Montreal	Close	Prev.
Alcan Aluminum	24¼	24¼
Bank Montreal	35⅝	36
Bell Canada	43⅝	43¼
Bombardier A	23⅝	23½
Bombardier B	23¼	23¼
Cambior	10½	10½
Cascades	5	5
Dominion Text A	7⅝	7⅝
Donohue	N.Q.	—
MacMillan Bl	20⅝	20¾
Memotec	9½	9½
Nat'l Bk Canada	10⅝	11
Power Corp.	15¼	15¼
Provigo	11½	11⅜
Quebec Tel	N.Q.	15⅛
Quebecor A	N.Q.	—
Quebecor B	16⅛	16⅛
Videotron	14	14⅛

Industrials Index: 1598.33
Previous: 1598.93

Paris	Close	Prev.
Accor	754	747
Air Liquide	664	670
Alcatel Alsthom	579	577
Bancaire (Cie)	503	498
BIC	690	690
Bongrain	2300	2300
Bouygues	578	553
BSN-GD	903	905
Carrefour	1880	1870
Cerus	122.70	122.90
Chargeurs	748	724
Club Med	432	435
Dassault Aviatn	445	450
Elf-Aquitaine	354	357.20
Europe 1	1055	1061
Gen. Eaux	2374	2360
Hachette	179	182
Havas	467	459.30
Imetal	250	269.90
Lafarge Coppee	344.90	339.80
Legrand	3514	3521
Oreal (L')	601	593
L.V.M.H.	4192	4188
Matra	198	198.40
Merlin Gerin	465.50	473
Michelin B	101	101.80
Moulinex	151.50	152
Occidentale	769	763
Paribas	414.20	413
Pernod-Ricard	1189	1197
Perrier	1372	1384
Peugeot	588	588
Printemps (Au)	757	766
Radiotechnique	470	460
Raff. St. Louis	1432	1419
Redoute (La)	4200	4260
Roussel Uclaf	1650	1650
Saint Gobain	453.50	451
Sanofi	860	857
S.E.B.	1601	1599
Skis Rossignol	675	678
Ste Generale A	438.90	435.40
Suez	330.50	332.50
Thomson-CSF	129.70	125.20
Total	844	847
Valeo	511	513

CAC 40 Index: 1768.93
Previous: 1762.78

Sao Paulo	Close	Prev.
Banco do Brasil	101	102
Bradesco	8	8
Brahma	42.70	42.70
Paranapanema	4.82	4.65
Petrobras	1445	1450
Vale Rio Doce	219	214
Varig	32	32

Bovespa Index: 15810
Previous: 15604

Singapore	Close	Prev.
City Dev.	3.30	3.24
DBS	12	12
Fraser Neave	8.25	8.25
Harrisons Plant	1.32	1.36
Haw Par	2.62	2.52
Hume	3.66	3.66
Inchcape	4.32	4.26
Keppel	7.85	7.80
KL Kepong	2.52	2.52
Lum Chang	1.15	1.14
Malayan Bankg	4.32	4.30
OCBC	8.70	8.65
OUB	5.55	5.50
OUE	6.80	6.65
Sembawang	6.75	6.65
Shangrila	5.70	5.45
Sime Darby	2.46	2.39
SIA	13.60	13.60
S'pore Land	5.50	5.55
S'pore Press	9	9
Sing Steamship	2.53	2.48
Straits Trading	2.83	2.80
UOB	6.90	6.80
United Overseas	1.63	1.58

Straits Times Ind.: 1499.55
Previous: 1491.46

Stockholm	Close	Prev.
AGA	315	310
Alfa Laval	254	253
Asea	388	386
Astra-A	432	429
Atlas Copco	273	272
Electrolux B	282	283
Ericsson	195	196
Esselte-A	165	165
Handelsbanken	125	126
Norsk Hydro	193	N.Q.
Procordia AF	195	187
Sandvik	360	360
SCA-A	125	125
S-E Banken	79.50	80.50
Skanska	400	400
SKF	111	110
Stora	365	365
Trelleborg B	132	134
Volvo	381	382

Affaersvaerlden: 1117.00
Previous: 1115.40

Sydney	Close	Prev.
ANZ	3.79	3.79
BHP	13.55	13.35
Boral	3.41	3.41
Bougainville	0.69	0.65
Coles Myer	11	11
Comalco	4.19	4.05
CRA	14.20	14.20
CSR	5.44	5.36
Dunlop	5.20	5.18
Fosters Brew	1.69	1.66
ICI Australia	4.20	4.12
Magellan	2.20	2.20
MIM	2.06	2.03
Nat Aust Bank	6.82	6.78
News Corp	8.18	8.26
Nine Network	0.57	0.56
N Broken Hill	2.48	2.46
Poseidon	1.22	1.20
QCT Resources	1.35	1.33
Santos	3.42	3.58
TNT	0.76	0.75
Western Mining	5.38	5.34
Westpac Banking	4.48	4.62
Woodside	3.42	3.42

All Ordinaries Index: 1578.40
Previous: 1570.30

Tokyo	Close	Prev.
Akai Electr	1170	1100
Asahi Chemical	723	730
Asahi Glass	1170	1190
Bank of Tokyo	1270	1230
Bridgestone	1040	1040
Canon	1530	1540
Casio	1440	1440
C.Itoh	625	624
Dai Nippon Print	1480	1480
Daiwa House	1810	1820
Daiwa Securities	1150	1150
Fanuc	5170	5190
Fuji Bank	2460	2460
Fuji Photo	3520	3530
Fujitsu	1050	1050
Hitachi	1130	1130
Hitachi Cable	1100	1110
Honda	1460	1500
Ito Yokado	4520	4480
Japan Airlines	1120	1130
Kajima	1500	1470
Kansai Power	2710	2710
Kawasaki Steel	398	395
Kirin Brewery	1450	1450
Komatsu	836	847
Kubota	627	633
Kyocera	6380	6330
Matsu Elec Inds	1690	1680
Matsu Elec Wks	1530	1520
Mitsubishi Bk	2470	2470
Mitsubishi Kasei	491	513
Mitsubishi Elec	690	680
Mitsubishi Hev	700	700
Mitsubishi Corp	1210	1200
Mitsui and Co	729	722
Mitsukoshi	1200	1200
Mitsumi	1730	1720
NEC	1440	1450
NGK Insulators	1060	1050
Nikko Securities	903	905
Nippon Kogaku	1130	1140
Nippon Oil	904	907
Nippon Steel	409	408
Nippon Yusen	595	608
Nissan	715	718
Nomura Sec	1670	1670
NTT (SF)	9180	9090
Olympus Optical	1340	1330
Pioneer	3970	4000
Ricoh	683	700
Sanyo Elec	542	541
Sharp	1560	1550
Shimazu	790	751
Shinetsu Chem	1610	1590
Sony	6130	6140
Sumitomo Bk	2160	2160
Sumitomo Chem	437	438
Sumi Marine	898	884
Sumitomo Metal	409	410
Taisei Corp	897	891
Taisho Marine	940	920
Takeda Chem	1520	1520
TDK	6150	6110
Teijin	520	511
Tokyo Marine	1180	1180
Tokyo Elec Pw	3500	3490
Toppan Printing	1320	1320
Toray Ind.	605	600
Toshiba	733	733
Toyota	1650	1630
Yamaichi Sec	895	895

Nikkei 225: 22759
Previous: 22785
Topix Index: 1787
Previous: 1786

Toronto	Close	Prev.
Abitibi Price	16⅛	16
Agnico Eagle	5⅝	5⅝
Air Canada	9⅛	9⅛
Alberta Energy	13⅜	13⅜
Am Barrick Res	27⅛	26½
BCE	43⅝	43¼
BCED	0.16	0.16
Bk Nova Scotia	17⅜	17⅜
BC Gas	15⅛	15⅛
BC Phone	19⅝	19½
BP Canada	14½	14⅜
Bramalea	6⅝	6⅝
Brunswick	8	7⅝
CAE	7⅝	7⅝
Campeau	0.50	0.53
CIBC	29⅝	30⅛
Canadian Pacific	20	20
Can Packers	N.Q.	—
Can Tire A	25	25⅛
Canadian Turbo	2.30	2.30
Canfor	26⅛	26¼
Cara	5½	5⅝
CCL Ind B	11¼	11½
Cineplex	4.80	4⅞
Cominco	24½	24⅜
Conwest Expl A	12⅞	N.Q.
Denison Min B	0.32	N.Q.
Dickenson Min A	N.Q.	3.20
Dofasco	21⅞	21⅝
Dylex A	4.60	4.60
Echo Bay Mines	11½	11¼
Equity Silver A	1⅛	1.15
FCA Int'l	6⅜	6⅛
Fed Ind A	7⅞	8
Fletcher Chall A	18¼	18⅛
FPI	6⅝	6⅝
GoldCorp	3.65	3.80
Gulf Cda Res	9½	9½
Hees Int'l	17⅝	17⅞
Hemlo Gld Mines	11⅜	11⅜
Hollinger	11⅛	11½
Horsham	11¾	11⅞
Hudson's Bay	35⅛	35⅛
Imasco	29⅜	29¾
Inco	41⅛	42¼
Interprov Pipe	30	29⅜
Jannock	15⅜	15⅜
Labatt	24⅝	25⅛
Loblaw Co	20⅝	20½
Mackenzie	6⅛	6¼
Magna Int'l A	13⅜	13⅝
Maritime	19⅝	19⅝
Mark Res	7⅛	7¼
MacLean Hunter	10½	10⅝
Molson A	29	29½
Noma Ind A	7⅝	7½
Noranda	20	20⅛
Noranda Forest	8⅝	8⅝
Norcen Energy	21½	21¾
Nova Corp	7⅝	7⅝
Oshawa	28⅝	29
Pagurian A	6⅛	6⅛
Placer Dome	15⅞	15¾
Poco Petroleum	8	8
PWA Corp	8⅛	8¼
Quebec Sturgeon	0.25	0.25
Rayrock	7⅝	7⅛
Renaissance	15	14⅞
Rogers B	9⅝	10
Rothmans	62	61
Royal Bank Can	25½	25⅝
Royal TrustCo	9⅝	9
Sceptre Res	3.05	3.10
Scott's Hosp	18⅛	19
Seagram	120¼	120⅛
Sears Can	12⅞	12⅞
Shell Can	45½	45
Sherritt Gordon	8	8⅛
SHL Systemhse	6⅛	6⅛
Southam	17⅜	17⅜
Spar Aerospace	14½	14⅜
Stelco A	6¼	6⅝
Teck B	22⅛	22⅝
Thomson News	15⅜	15⅜
Toronto Domn	18	18½
Torstar B	25⅛	25⅛
Transalta Util	12⅛	12⅛
TransCda Pipe	17⅛	17¼
Trilon Finl A	18⅛	18
Trimac	8⅛	8½
Trizec A	13⅛	13⅛
Unicorp A	0.85	0.75

TSE 300 Index: 3535.48
Previous: 3545.86

Zurich	Close	Prev.
Adia Int'l	972	972
Alusuisse	1105	1085
Leu Holdings	1720	1740
Brown Boveri	4760	4720
Ciba Geigy	2990	2990
CS Holding	2010	1990
Elektrow	2790	2760
Fischer	1435	1450
Interdiscount	3190	3140
Jacobs Suchard	8500	8500
Jelmoli	1405	1415
Landis Gyr	1080	1080
Moevenpick	4250	4250
Nestle	8660	8570
Oerlikon-B	450	460
Pargesa Hld	1280	1260
Roche Holding B	4995	4970
Safra Republic	90	89
Sandoz	2330	2330
Schindler	5250	5230
Sulzer	422	420
Surveillance	7690	7800
Swissair	855	850
SBC	333	333
Swiss Reinsur	550	549
Swiss Volksbank	1340	1330
Union Bank	3660	3660
Winterthur	3810	3730
Zurich Ins	2210	2210

SBS Index: 635.70
Previous: 633.30

U.S. FUTURES

Via Associated Press July 23

Grains

Season High	Season Low		Open	High	Low	Close	Chg.
WHEAT (CBT) 5,000 bu minimum- dollars per bushel							
3.26	2.58½	Sep	2.86	2.91½	2.84½	2.89¼	+.10¼
3.25	2.72½	Dec	2.98	3.04½	2.97	3.02½	+.10¼
3.70¼	2.79	Mar	3.04	3.09	3.01½	3.08½	+.12
3.31	2.80½	May	3.01	3.05½	3.00	3.05½	+.12

Est. Sales Prev. Sales 11,041
Prev. Day Open Int. 54,895 up 1,094

WHEAT (KCBT) 5,000 bu minimum- dollars per bushel					
Sep	2.85	2.90¾	2.84	2.89½ +	.10¼
Dec	2.94	3.00	2.94	2.97½ +	.09¼
Mar	2.98	3.04	2.98	3.02¼ +	.09¼
May	2.97	2.99	2.95	2.99 +	.10
Jul	2.91	2.95½	2.91	2.95 +	.09

Est.Sales Prv.Sales 54 Prev.Day Open Int 1,885 Chg. —36,597

Season High	Season Low		Open	High	Low	Close	Chg.
CORN (CBT) 5,000 bu minimum-dollars per bushel							
2.87½	2.18½	Sep	2.46¾	2.46¾	2.44¾	2.46¾	+.10
2.75	2.20	Dec	2.48½	2.50	2.48½	2.50	+.10
2.75¼	2.28½	Mar	2.57	2.57½	2.55	2.57½	+.10
2.79½	2.34¾	May	2.61	2.63	2.60¾	2.63	+.10
2.82	2.39½	Jul	2.65	2.67	2.63¾	2.67	+.10
2.59	2.36½	Sep	2.48	2.60½	2.55	2.60½	+.10
2.59¾	2.36½	Dec	2.55	2.56½	2.52½	2.55½	+.05¾
Est. Sales Prev. Sales 56,196							
Prev. Day Open Int. 196,490 up 2,907							
SOYBEANS (CBT) 5,000 bu minimum-dollars per bushel							
6.95	.00½	Aug	5.55	5.65½	5.53	5.60	+.24½
6.54	5.13½	Sep	5.65¾	5.65¾	5.55	5.62½	+.26¾
6.74	5.17	Nov	5.67	5.70	5.61	5.69½	+.29½
6.49½	5.27½	Jan	5.71	5.80¼	5.71	5.79½	+.29¼
6.60	5.38	Mar	5.83	5.90½	5.80	5.89½	+.29
6.62½	5.47	May	5.91	5.98¼	5.90	5.97¾	+.29½
		Aug				6.00¼	+.25¼
5.71	5.57	Sep				5.84¾	+.19¾
6.20¾	5.52	Nov	5.80	5.92	5.78	5.86	+.18
Est. Sales Prev. Sales 42,672							
Prev. Day Open Int. 87,030 off 1,897							
SOYBEAN MEAL (CBT) 100 tons- dollars per ton							
195.50	159.70	Aug	172.50	178.30	172.50	177.40	+9.10
193.90	160.00	Sep	173.00	177.10	172.00	175.70	+8.60
189.00	159.90	Oct	173.50	174.00	172.00	174.60	+8.60
191.50	160.00	Dec	174.50	176.30	172.00	174.90	+8.60
190.50	161.30	Jan	173.00	177.20	172.50	175.60	+8.40
180.00	163.50	Mar	173.00	178.50	173.00	175.70	+7.20
191.00	164.50	May	178.00	178.00	177.00	176.50	+7.00
184.50	166.00	Jul	175.00	180.80	175.00	177.00	+6.80
Est. Sales Prev. Sales 22,595							
Prev. Day Open Int. 54,315 off 750							
SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs.							
25.50	18.18	Aug	19.15	19.50	18.90	19.33	+.77
25.10	18.37	Sep	19.24	19.65	19.10	19.54	+.80
24.90	18.50	Oct	19.34	19.85	19.30	19.71	+.75
24.05	18.81	Dec	19.65	20.20	19.65	20.12	+.82
24.15	19.00	Jan	19.98	20.35	19.90	20.29	+.84
23.90	19.32	Mar	20.20	20.62	20.20	20.52	+.80
23.42	19.62	May	20.85	20.85	20.85	20.75	+.75
22.50	19.90	Jul	21.11	21.11	21.11	20.97	+.86
22.10	20.05	Aug				20.97	+.82
Est. Sales Prev. Sales 18,879							
Prev. Day Open Int. 73,743 off 282							

Livestock

Season High	Season Low		Open	High	Low	Close	Chg.
CATTLE (CME) 40,000 lbs.- cents per lb.							
75.80	70.35	Aug	73.10	73.27	72.90	73.22	+.10
76.90	70.70	Oct	74.75	75.00	74.55	74.92	+.12
77.00	71.75	Dec	75.60	75.95	75.40	75.87	+.25
76.70	72.80	Feb	74.75	75.20	74.45	75.12	+.25
77.00	74.80	Apr	75.30	75.45	75.25	75.50	+.20
75.15	72.60	Jun	73.55	73.85	73.50	73.80	+.10
72.50	72.00	Aug				72.10	
Est. Sales 14,845 Prev. Sales 11,034							
Prev. Day Open Int. 67,438 up 841							
FEEDER CATTLE (CME) 44,000 lbs.- cents per lb.							
90.15	80.20	Aug	88.95	89.00	88.50	88.77	—.43
88.95	79.75	Sep	87.55	87.55	87.00	87.22	—.53
88.30	80.20	Oct	86.50	86.50	86.05	86.22	—.50
88.10	81.20	Nov	86.47	86.47	85.95	86.30	—.35
87.80	84.80	Jan	85.80	85.80	85.50	85.70	—.35
87.70	84.75	Mar	85.10	85.15	84.80	85.15	—.35
87.00	84.50	Apr	84.70	84.80	84.50	84.80	—.10
86.50	83.75	May	83.80	83.80	83.72	83.77	—.13
Est. Sales 3,226 Prev. Sales 1,756							
Prev. Day Open Int. 15,150 off 120							
HOGS (CME) 40,000 lbs.- cents per lb.							
58.37	48.30	Jul	56.40	56.87	55.95	56.55	+.18
55.50	46.90	Aug	51.75	52.40	51.60	51.92	+.05
49.55	42.50	Oct	44.37	44.90	44.20	44.32	—.28
48.92	42.85	Dec	43.75	44.37	43.70	43.87	+.07
48.25	42.85	Feb	43.80	44.35	43.60	43.87	+.02
46.62	41.50	Apr	42.25	42.55	42.25	42.27	+.12
50.60	45.70	Jun	46.90	46.95	46.90	46.60	+.10
46.87	45.80	Jul				46.70	+.35
Est. Sales 7,198 Prev. Sales 5,489							
Prev. Day Open Int. 17,209 off 119							
PORK BELLIES (CME) 40,000 lbs.- cents per lb.							
72.80	43.52	Jul	47.25	47.25	45.72	45.70	—2.00
70.05	40.30	Aug	44.90	45.48	43.30	43.30	—2.00
63.00	45.10	Feb	46.65	48.85	46.60	48.02	+.97
61.00	44.75	Mar	47.15	47.70	47.15	47.62	+.77
58.20	46.20	May	49.30	49.30	48.30	48.05	+.45
57.00	47.50	Jul				48.50	
47.67	45.67	Aug				45.50	
Est. Sales 3,349 Prev. Sales 2,861							
Prev. Day Open Int. 7,102 up 121							

Food

Season High	Season Low		Open	High	Low	Close	Chg.
COFFEE C (NYCSCE) 37,500 lbs.- cents per lb.							
113.50	82.75	Sep	83.25	83.55	82.20	82.40	—.65
116.00	86.20	Dec	86.45	86.90	85.70	85.75	—.60
107.50	89.50	Mar	89.75	90.00	89.00	89.00	—.60
108.00	91.60	May	91.90	91.90	91.25	91.45	—.55
108.00	94.50	Jul				94.00	—.58
108.00	96.50	Sep				96.45	—.55
103.25	100.50	Dec				99.00	—.56
Est. Sales 5,592 Prev. Sales 1,684							
Prev. Day Open Int. 41,323 up 153							
SUGARWORLD 11 (NYCSCE) 112,000 lbs.- cents per lb.							
14.40	7.45	Oct	9.23	9.32	9.15	9.20	—.10
10.14	7.56	Mar	8.69	8.70	8.64	8.67	—.05
9.77	7.65	May	8.71	8.78	8.70	8.70	—.04
9.05	7.85	Jul	8.48	8.49	8.48	8.49	—.01
9.00	8.05	Oct	8.45	8.45	8.45	8.45	+.10
Est. Sales 10,386 Prev. Sales 14,555							
Prev. Day Open Int. 109,569 up 1,152							
COCOA (NYCSCE) 10 metric tons- $ per ton							
1515	893	Sep	960	986	956	967	[illegible]
1535	953	Dec	1019	1043	1015	1029	[illegible]
1538	997	Mar	1067	1087	1064	1070	[illegible]
1385	1026	May	1093	1112	1093	1104	[illegible]
1385	1056	Jul	1124	1132	1124	1128	[illegible]
1220	1080	Sep	1149	1165	1149	1155	[illegible]
1199	1119	Dec				1193	[illegible]
		Mar				1239	
1282	1210	May				1265	
Est. Sales 4,127 Prev. Sales 3,129							
Prev. Day Open Int. 53,424 off 642							
ORANGE JUICE (NYCE) 15,000 lbs.- cents per lb.							
127.00	106.00	Sep	119.90	119.90	118.60	118.90	—.80
121.80	111.00	Nov	118.40	118.40	118.05	118.05	—.75
120.50	113.40	Jan	118.20	118.20	117.60	117.45	—.95
120.80	113.60	Mar	118.25	118.25	118.15	118.15	—1.00
120.80	115.00	May				118.65	—1.00
		Jul				118.65	—1.00
Est. Sales 500 Prev. Sales 674							
Prev. Day Open Int. 5,840 up 51							

Metals

Season High	Season Low		Open	High	Low	Close	Chg.
HI GRADE COPPER (COMEX) 25,000 lbs.- cents per lb.							
113.50	94.85	Jul	99.30	99.80	99.00	99.25	—.15
109.00	96.10	Aug	99.05	99.25	99.05	99.60	—.10
110.50	95.40	Sep	99.30	99.95	99.00	99.50	—.10
106.90	95.30	Oct				99.15	—.15
105.00	95.10	Nov				98.85	—.15
108.50	94.50	Dec	98.30	98.90	98.10	98.50	—.15
104.50	95.00	Jan				98.05	—.25
105.10	95.00	Feb				97.65	—.30
106.80	93.90	Mar	97.55	97.55	97.20	97.20	—.35
99.10	93.50	Apr	97.30	97.30	97.30	96.90	—.40
106.20	92.30	May	96.75	96.75	96.75	96.30	—.45
95.10	95.10	Jun	96.50	96.50	96.50	95.95	—.55
103.80	92.80	Jul	96.10	96.15	96.10	95.50	—.65
103.45	92.80	Sep	95.45	95.55	95.45	94.80	—.65
100.50	91.40	Dec	94.95	94.95	94.85	94.30	—.65
93.45	93.30	Jan				94.05	—.65
96.65	92.80	Mar				93.80	—.65
		May				93.50	—.65
Est. Sales 2,700 Prev. Sales 3,364							
Prev. Day Open Int. 32,908 off 82							
SILVER (COMEX) 5,000 troy oz.- cents per troy oz.							
667.5	360.1	Jul	428.0	430.5	426.0	426.8	—6.5
446.8	435.5	Aug				426.0	—6.7
654.0	367.5	Sep	432.0	433.0	428.5	429.0	—6.7
623.5	374.0	Dec	441.0	441.0	436.0	436.4	—6.8
596.0	402.0	Jan	443.0	443.0	443.0	438.2	—6.9
613.0	382.0	Mar	445.0	447.5	444.5	444.5	—6.9
589.0	385.0	May	455.0	455.0	452.8	450.0	—7.0
557.0	395.0	Jul	460.0	460.0	457.8	455.6	—7.1
483.8	412.0	Sep				461.6	—7.2
507.0	408.0	Dec	473.0	473.0	473.0	471.0	—7.3
505.0	440.0	Jan				474.4	—7.3
513.0	457.0	Mar	486.0	486.0	484.0	480.8	—7.4
		May				487.5	—7.5
Est. Sales 17,000 Prev. Sales 11,974							
Prev. Day Open Int. 99,016 up 193							
PLATINUM (NYME) 50 troy oz.- dollars per troy oz.							
528.50	366.00	Jul				377.30	—.80
513.00	370.50	Oct	380.00	381.50	380.00	380.80	—.80
451.50	374.50	Jan	384.50	385.70	384.50	385.00	—.80
438.50	378.00	Apr				388.90	—.80
427.50	388.50	Jul				392.80	—.80
404.00	404.00	Oct				399.90	—.80
Est. Sales Prev. Sales 586							
Prev. Day Open Int. 17,040 off 42							
PALLADIUM (NYME) 100 troy oz- dollars per oz							
119.40	80.75	Sep	95.40	95.40	94.50	94.65	—.45
114.50	82.50	Dec	96.75	96.75	96.00	95.75	—.35
135.75	88.75	Mar				96.70	—.35
101.75	99.50	Jun	98.00	98.00	98.00	98.20	—.35
		Sep				101.70	—.35
Est. Sales 352 Prev. Sales 195							
Prev. Day Open Int. 4,418 off 102							

Est. Sales 352 Prev. Sales 195
Prev. Day Open Int. 4,418 off 102

Season High	Season Low		Open	High	Low	Close	Chg.
GOLD (COMEX) 100 troy oz.- dollars per troy oz.							
371.00	357.00	Jul				368.10	+.50
468.00	333.90	Aug	368.40	368.90	367.70	368.50	+.40
375.00	369.00	Sep				370.20	+.40
476.00	359.30	Oct	371.30	372.30	371.20	371.90	+.30
482.00	342.00	Dec	375.00	375.80	374.40	375.30	+.30
456.50	344.00	Feb	378.10	379.20	378.10	378.90	+.30
446.00	369.70	Apr				382.40	+.30
467.00	359.70	Jun				385.90	+.30
426.50	377.50	Aug				389.60	+.30
410.80	389.50	Oct				393.30	+.30
406.80	383.50	Dec				397.30	+.30
404.20	404.20	Feb				401.50	+.30
410.00	404.50	Apr				405.70	+.30
411.80	411.80	Jun				410.00	+.30
Est. Sales 21,000 Prev. Sales 42,446							
Prev. Day Open Int. 98,487 off 1,831							

Financial

Season High	Season Low		Open	High	Low	Close	Chg.
US T. BILLS (IMM) $1 million- pts of 100 pct.							
94.55	91.60	Sep	94.37	94.41	94.36	94.40	+.01
94.16	92.24	Dec	94.03	94.06	94.02	94.04	—.01
94.07	92.42	Mar	93.98	93.98	93.98	93.98	—.02
93.64	93.15	Jun				93.61	—.02
		Sep				93.24	
Est. Sales Prev. Sales 5,977							
Prev. Day Open Int. 51,056 up 329							
5 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
100.230	98.275	Sep	99.270	99.280	99.255	99.255	—.035
99.110	98.190	Dec	99.085	99.095	99.070	99.070	—.035
Est. Sales Prev. Sales 4,532							
Prev. Day Open Int. 73,591 up 613							
10 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
100-1	96-1	Sep	97-19	97-19	97-12	97-12	—7
98-12	95-15	Dec	96-27	96-29	96-24	96-24	—5
97-5	95-8	Mar				96-7	—5
Est. Sales Prev. Sales 8,078							
Prev. Day Open Int. 80,829 off 936							
US TREASURY BONDS (CBT) (8 pct-$100,000-pts & 32nds of 100 pct)							
99-5	85-29	Sep	93-21	93-21	93-8	93-9	—11
98-20	85-19	Dec	92-28	92-28	92-17	92-18	—11
98-13	85-14	Mar	92-4	92-4	91-29	91-30	—11
97-19	85-5	Jun	91-15	91-15	91-11	91-11	—11
95-8	87-14	Sep	90-30	90-30	90-27	90-27	—11
94-17	85-6	Dec	90-15	90-15	90-12	90-12	—11
94-26	90-19	Mar				89-30	—12
		Jun				89-18	—12
		Sep				89-7	—12
Est. Sales Prev. Sales 89,456							
Prev. Day Open Int. 274,061 off 2,608							
MUNICIPAL BONDS (CBT) $1000x index-pts & 32nds of 100 pct							
92-11	84-7	Sep	91-20	91-28	91-20	91-24	
91-11	88-16	Dec				90-26	
89-24	88	Mar				90-1	
Est. Sales Prev. Sales 340							
Prev. Day Open Int. 6,110 off 80							
EURODOLLARS (IMM) $1 million-pts of 100 pct.							
93.78	90.04	Sep	93.76	93.76	93.73	93.74	—.02
93.73	90.04	Dec	93.17	93.18	93.14	93.16	—.01
93.17	90.09	Mar	93.12	93.12	93.09	93.10	—.02
92.77	90.35	Jun	92.74	92.74	92.71	92.72	—.02
92.44	90.32	Sep	92.32	92.33	92.29	92.30	—.03
92.10	90.24	Dec	91.95	91.95	91.90	91.90	—.05
92.03	90.28	Mar	91.96	91.98	91.93	91.94	—.04
91.89	90.27	Jun	91.76	91.76	91.72	91.73	—.03
91.81	90.27	Sep	91.53	91.54	91.49	91.52	—.02
91.46	90.22	Dec	91.24	91.25	91.20	91.23	—.02
91.66	90.24	Mar	91.26	91.27	91.22	91.25	—.02
91.57	90.40	Jun	91.17	91.18	91.13	91.16	—.02
91.52	90.36	Sep	91.08	91.09	91.05	91.08	—.02
91.44	90.71	Dec	90.92	90.93	90.89	90.92	—.02
91.09	90.75	Mar	90.95	90.96	90.92	90.95	—.02
90.92	90.71	Jun	90.90	90.90	90.87	90.90	—.02
Est. Sales Prev. Sales 32,848							
Prev. Day Open Int. 804,873 off 1,200							
BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001							
1.9340	1.5824	Sep	1.6616	1.6730	1.6608	1.6694	+16
1.7900	1.5670	Dec	1.6450	1.6560	1.6450	1.6518	+16
1.6490	1.5670	Mar	1.6310	1.6400	1.6310	1.6384	+16
Est. Sales Prev. Sales 14,347							
Prev. Day Open Int. 22,822 off 1,740							
CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001							
.8718	.7985	Sep	.8623	.8630	.8599	.8628	+6
.8667	.8175	Dec	.8567	.8573	.8546	.8573	+6
.8630	.8268	Mar	.8509	.8509	.8509	.8527	+6
.8585	.8330	Jun				.8481	+6
.8480	.8420	Sep				.8437	+6
Est. Sales Prev. Sales 7,935							
Prev. Day Open Int. 25,553 off 448							
GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001							
.6810	.5401	Sep	.5634	.5678	.5634	.5666	+15
.6770	.5365	Dec	.5590	.5631	.5590	.5623	+14
.5840	.5353	Mar	.5592	.5592	.5592	.5588	+15
.5540	.5355	Jun				.5559	+11
Est. Sales Prev. Sales 37,129							
Prev. Day Open Int. 66,421 up 391							
JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001							
.007870	.007003	Sep	.007277	.007290	.007272	.007282	+33
.007559	.006997	Dec	.007260	.007264	.007260	.007263	+32
Est. Sales Prev. Sales 22,792							
Prev. Day Open Int. 58,401 off 3,388							
SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001							
.8055	.6254	Sep	.6506	.6550	.6503	.6537	—2
.8090	.6240	Dec	.6477	.6516	.6477	.6511	—3
.6995	.6267	Mar				.6496	—4
Est. Sales Prev. Sales 21,917							
Prev. Day Open Int. 32,699 off 260							

Industrials

Season High	Season Low		Open	High	Low	Close	Chg.
COTTON 2 (NYCE) 50,000 lbs.- cents per lb.							
83.30	66.77	Oct	71.25	72.00	70.90	71.98	+.31
76.35	63.75	Dec	70.70	71.50	70.30	71.40	+.32
77.15	64.65	Mar	72.00	72.45	71.50	71.55	+.37
92.25	65.10	May	72.60	73.25	72.34	72.32	+.55
77.70	66.50	Jul	73.30	73.45	73.20	72.92	+.42
70.60	68.00	Oct				69.20	—.03
69.00	67.20	Dec	67.90	68.00	67.90	67.95	+.02
Est. Sales 5,000 Prev. Sales 3,263							
Prev. Day Open Int. 40,845 up 289							
HEATING OIL (NYME) 42,000 gal- cents per gal							
85.07	49.00	Aug	58.20	58.40	57.55	57.60	—1.56
84.28	50.25	Sep	59.40	59.40	58.70	58.70	—1.57
85.00	51.30	Oct	60.30	60.65	59.80	59.80	—1.55
78.00	52.30	Nov	61.50	61.70	61.05	61.05	—1.35
82.62	53.30	Dec	62.40	62.60	61.80	61.90	—1.40
68.50	53.40	Jan	62.40	62.60	62.00	62.20	—1.19
62.30	52.25	Feb	61.50	61.50	60.75	60.80	—1.30
59.75	51.40	Mar	58.65	58.90	58.50	58.50	—1.00
57.50	50.00	Apr	56.40	56.40	56.35	56.35	—1.00
55.20	48.00	Jun	54.50	54.50	54.00	54.00	—.80
56.00	51.60	Jul	53.80	53.80	53.75	53.75	—.70
Est. Sales 27,017 Prev. Sales 18,484							
Prev. Day Open Int. 120,722 up 219							
CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.							
28.72	16.90	Sep	21.58	21.59	21.26	21.32	—.34
28.40	17.04	Oct	21.45	21.51	21.20	21.24	—.32
28.10	17.20	Nov	21.30	21.41	21.16	21.22	—.30
27.70	17.10	Dec	21.17	21.30	21.05	21.12	—.28
27.40	17.25	Jan	21.10	21.20	20.97	21.00	—.30
27.00	17.50	Feb	21.00	21.05	20.85	20.85	—.33
26.75	17.25	Mar	20.90	20.92	20.70	20.75	—.28
26.50	17.50	Apr	20.74	20.74	20.74	20.74	—.17
21.33	17.75	Aug	20.40	20.40	20.50	20.51	—.23
20.10	20.10	Jan	20.46	20.46	20.46	20.46	—.18
Est. Sales 112,956 Prev. Sales 100,611							
Prev. Day Open Int. 279,136 off 8,090							
UNLEADED GASOLINE (NYME) 42,000 gal- cents per gal							
90.50	53.50	Aug	64.70	65.40	64.50	65.25	—.38
87.00	51.60	Sep	63.10	63.75	62.85	63.35	—.42
86.75	49.75	Oct	60.80	61.10	60.50	60.65	—.47
66.75	48.60	Nov	59.20	59.40	59.15	59.20	—.42
75.25	47.75	Dec	58.30	58.40	58.00	58.00	—.45
58.65	47.00	Jan	57.60	57.65	57.30	57.30	—.45
58.75	50.70	Feb	57.70	57.90	57.70	57.70	—.50
63.40	57.30	Apr	62.40	62.45	62.40	62.45	—.35
61.00	58.00	Jun	62.00	62.00	61.60	61.60	+.10
60.40	58.60	Jul	60.50	60.50	60.50	60.50	+.10
Est. Sales 22,389 Prev. Sales 15,579							
Prev. Day Open Int. 72,726 up 1,596							

Stock Indexes

Season High	Season Low		Open	High	Low	Close	Chg.
SP COMP. INDEX (CME) points and cents							
396.05	304.00	Sep	386.00	387.10	380.60	381.40	—3.55
399.05	321.75	Dec	389.00	390.00	383.85	384.60	—3.55
401.05	388.00	Mar				387.90	—3.40
395.00	393.80	Jun				391.00	—3.70
Est. Sales Prev. Sales 34,443							
Prev. Day Open Int. 143,618 off 984							
NYSE COMP. INDEX (NYFE) points and cents							
214.40	173.10	Sep	211.65	212.85	208.50	209.00	—2.00
217.60	175.50	Dec	213.30	213.20	210.30	210.45	—2.05
217.90	207.20	Mar	215.00	215.00	215.00	211.95	—2.05
216.00	208.90	Jun				213.45	—2.05
Est. Sales Prev. Sales 4,159							
Prev. Day Open Int. 5,343 up 4							

Commodity Indexes

	Close	Previous
Moody's	1,055.90	1,052.10
Reuters	1,694.00	1,695.80
Dow Jones Futures	123.47	123.02
Comm. Research	211.97	209.74

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYME:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

Daimler and Sogeti Seal Pact

By Jacques Neher
Special to the Herald Tribune

PARIS — Daimler-Benz AG signed Tuesday an accord to take a big minority stake, and possibly majority control, in Sogeti SA, parent of Europe's largest computer-services company, Cap Gemini Sogeti.

The agreement would bring 2.4 billion francs ($402 million) in fresh cash to the company to finance acquisitions and joint ventures in the United States and Japan as part of a bid to make Cap Gemini the largest computer-services company in the world, executives of the two companies said.

"Together with Cap Gemini Sogeti, we intend to become a key player at world level in the field of information-technology services," said Edzard Reuter, chairman of Daimler-Benz, at a news conference in Paris.

To reach that goal, Cap Gemini would have to leapfrog several competitors, including market-leading Electronic Data Systems, the General Motors Corp. unit that had sales in 1990 of $2.6 billion. The French company last year reported sales of 9.2 billion francs.

As part of the deal, Cap Gemini will combine its German subsidiary, Cap Gemini SCS, with Daimler's largely in-house computer-services unit, Debis Systemhaus, in a new joint-venture company held 51 percent by Debis.

That company would be responsible for the German market as well as Eastern Europe, while Cap Gemini would continue to have operating responsibility for the rest of Europe and overseas units.

Daimler and Sogeti also opened the door to possible alliances involving equity swaps with U.S. and Japanese companies.

As outlined in company statements two weeks ago, Daimler will take an immediate 34 percent of Sogeti, which holds 58 percent of Cap Gemini's stock. Of that holding, 25 percent will be purchased from current shareholders and the remaining 9 percent will be new capital for which Daimler will pay 1.2 billion francs.

Mr. Reuter would not reveal the price to be paid for the 25 percent block, noting that the shares were being bought from private individuals — managers of Cap Gemini.

However, Serge Kampf, chairman and founder of the company, has said Daimler's 34 percent stake would cost 2.5 to 2.6 billion francs.

The accord, in addition, calls for Daimler to pay 1.2 billion francs for a Sogeti note that Daimler could convert to stock in 1995, bringing its holding in Sogeti to just under 40 percent.

Daimler will also buy a warrant, giving it the possibility of taking full control of Sogeti in 1995 through a new capital issue, but the French company will retain the option of canceling and redeeming that warrant.

Mr. Kampf, 57, said he was assured of sole management control of Cap Gemini as part of the bargain. "I know how to manage a company in which I am alone at the wheel," Mr. Kampf said. "As long as I am here, I will hold onto the wheel."

Mr. Kampf said Daimler's Debis unit would complement Cap Gemini's product range, giving the venture expertise in manufacturing systems, networks, facilities management and other hardware-linked activities.

"Up to now, Cap Gemini's services have been purely intellectual — everything could be done with paper and pencil," he said. "Now we will have access to the other 50 percent of the services market."

Making the German joint venture successful will be a difficult challenge, a Cap Gemini manager said, noting that Debis's personnel, accustomed to serving the needs of their parent company, are not market-oriented.

Bank of England Chief Opposes BCCI Bailout

By Leigh Bruce
International Herald Tribune

LONDON — The governor of the Bank of England, Robin Leigh-Pemberton, told a parliamentary committee on Tuesday that he would not favor any restructuring plan designed to save the Abu Dhabi-controlled Bank of Credit & Commerce International.

The bank was shut down in a coordinated international move on July 5 due to evidence of fraud.

Asserting that "the culture of the bank is criminal," Mr. Leigh-Pemberton said, "I don't think as regulators that we would contemplate a neo-BCCI."

Speaking before a special meeting of a parliamentary committee, he confirmed that the Bank of England had known since 1988 that Palestinian organizations had accounts with BCCI, when the Abu Dhabi group itself volunteered the information.

"They were notified by a former employee that certain terrorist-related accounts had been and were being operated in BCCI," he said.

Investigations by both the Bank of England and British security services began at that time.

BCCI was also under investigation by banking authorities around the world because of irregularities in its accounts, including huge unsecured loans to figures in the Middle East. Last year, the bank pleaded guilty in a Florida court to charges of laundering drug money.

Mr. Leigh-Pemberton defended his actions as banking regulator, saying he had neither sufficient evidence nor authority to shut BCCI before he did. He pointed out that BCCI was incorporated in Luxembourg.

He said a request to shut the bank down on rumor of fraud would not have received favorable hearing in Luxembourg.

He said the case in Britain differed from France, where action was taken in January. The French branch was a Cayman Islands subsidiary of BCCI, according to Mr. Leigh-Pemberton.

Investigation into BCCI's British branches last year revealed that they were "in pretty sound shape," he said, adding that the Bank of England took steps to make sure they were not milked of their assets. As result, he said, the branches probably had surplus assets.

He denied he had told the prime minister of initial suspicions of fraud when he discussed banking regulation and the BCCI affair several times last year.

Mr. Leigh-Pemberton asserted that the fraud was "massive and widespread," went back several years, and involved "not only past management but members of the existing and continuing management team. Board members were involved and representatives of the main shareholders."

The Abu Dhabi ruler, who holds 77.4 percent of the shares in BCCI, has attacked the closure.

EC Seeks to Link Trademark Laws With Protection for Wine Regions

By Charles Goldsmith
International Herald Tribune

BRUSSELS — When the G-7 summit called last week for "urgent" progress in protecting intellectual property at world trade talks, European Community officials turned to thoughts of wine and whisky in addition to books and records.

Although wine is not commonly regarded as "intellectual" material in the league of great literature, the EC seeks to link copyright, patent and trademark laws with protection for the geographical names of the Community's famous wine regions — such as Bordeaux, Champagne, Chianti Cognac and Moselle.

"The Champagne region of France is a small and strictly defined area, which has been making Champagne the same way for generations," said an EC official. "The United States is making sparkling wine in a completely different way, and they want to call it champagne."

The Community's complaint is not confined to the United States.

"Many countries fail to protect appellations of origin," the EC said in a report last week on the General Agreement on Tariffs and Trade negotiations. "European place names are routinely copied, and local, often inferior quality, products are sold with misleading labels, displacing EC exports and damaging their reputation."

The EC produces more than 200 million hectoliters (5.3 billion gallons) of wine per year, accounting for 60 percent of world production.

The EC is currently negotiating over geographical names with the United States and Canada, and will soon launch talks with Australia. Officials say problems with Canada include the names Cognac and Armagnac.

Regarding spirits, a 1989 EC regulation contains detailed definitions for various kinds of potions.

For example, "whisky" such as the Scotch variety must be produced by the distillation of a cereal mash, fermented by yeast and "matured for at least three years in wooden casks." U.S. whiskeys matured for two years in vats need not apply.

"Brandy," says the EC regulation, must be "produced from wine spirit," and matured for at least one year in oak casks.

But not always. The EC Commission has recently allowed several exemptions to the Community's own rules, prompting critics to question the consistency of EC policy.

In June, the Commission allowed a handful of products not produced with wine alcohol to call themselves "brandy." They include cherry brandy, orange brandy, apricot brandy and prune brandy, which are really liqueurs.

"These special exemptions will only confuse the consumers and there is no need for them," complained a top aide to Commissioner Abel Matutes of Spain, which has a large brandy industry in the southern part of the country.

The text of the June exemption regulation said it is necessary "to take account of long-established practices" in labeling of alcohol products.

The United States and other countries make the identical argument, however, in claiming the right to use names like Chablis or Burgundy — namely, that wine producers in places like California have long used those names.

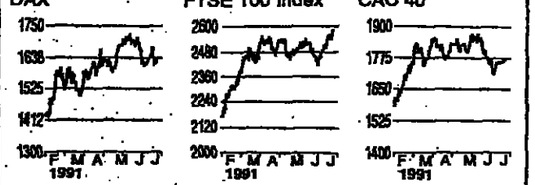
'European place names are routinely copied, and local, often inferior quality, products are sold with misleading labels, displacing EC exports and damaging their reputation.'

The United States told the EC last year that it would recognize hundreds of geographical names for wine, but listed 15 names it considered "semi-generic" — including Burgundy, Claret, Chablis, Champagne, Chianti, Malaga, Madeira, Moselle, Port, Rhine Wine, Sauterne and Sherry.

To U.S. officials, those familiar wine names are akin to a product name like the escalator, which was registered long ago as a trademark but has since entered the "public domain" through repeated generic usage. The brand names of other common products like Band-Aid bandages are still protected, often through the diligent efforts of manufacturers who send stern warning letters to anyone neglecting to capitalize their product's name in written reference.

No one expects the battle of Burgundy versus burgundy to be quickly settled.

Investor's Europe



Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam	CBS Trend	94.80	94.40	+0.42
Brussels	Stock Index	5,707.15	5,722.32	-0.27
Frankfurt	DAX	1,632.94	1,623.03	+0.61
Frankfurt	FAZ	680.58	675.49	+0.75
Helsinki	HEX	991.50	988.70	+0.28
London	Financial Times 30	2,007.30	1,973.80	+1.70
London	FTSE 100	2,587.90	2,558.50	+1.15
Madrid	General Index	270.58	268.32	+0.84
Milan	MIB	1,108.00	1,106.00	+0.18
Paris	CAC 40	1,768.93	1,762.78	+0.35
Stockholm	Affarsvarlden	1,117.00	1,115.40	+0.14
Vienna	Stock Index	533.61	540.35	-1.25
Zurich	SBS	635.70	633.90	+0.28

Sources: Reuters, AFP International Herald Tribune

France's Trade Deficit Nearly Doubled in June

Agence France-Presse

PARIS — The French trade deficit rose sharply in June to show an increase of 50 percent in the first half of the year compared with the same period of last year, official seasonally adjusted figures showed on Tuesday.

The deficit in June was 3.80 billion francs ($633 million), nearly double May's deficit of 1.947 billion francs on a revised basis.

This took the total deficit during the first six months of the year to 21.96 billion francs, compared with 14.63 billion in the first half of last year.

"The figure is not good," the economy and finance minister, Pierre Bérégovoy, said.

But he said French imports were rising in the period because of signs of recovery of the French economy, while exports were stagnating because the economies of several major countries were slowing down.

Exports in June rose slightly to 99.132 billion francs from 98.914 billion the previous month. Imports rose to 102.939 billion francs from 100.860 billion francs in May.

Trade with Germany, after two months of supluses owing to demand caused by unification, fell back into a deficit of 142 million francs in June.

France recorded a deficit of 474 million francs with Britain, in contrast to a regular surplus.

Trade with the rest of the European Community showed a deficit of 830 million francs in June after a surplus of 1.896 billion francs in May.

The deficit with the United States continued at a high level of 3.956 billion francs after a deficit of 3.918 billion francs in May.

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Canada

Inco

2nd Quar.	1991	1990
Revenue	820.00	775.30
Profit	29.00	202.60
Per Share	0.28	1.94

United States

Air Products & Chem.

3rd Quar.	1991	1990
Revenue	713.40	712.80
Net Inc.	64.70	56.80
Per Share	1.15	1.02
9 Months	1991	1990
Revenue	2,190.	2,080.
Net Inc.	190.50	164.80
Per Share	3.41	3.01

Amoco

2nd Quar.	1991	1990
Revenue	6,740.	7,440.
Net Inc.	238.00	379.00
Per Share	0.48	0.75
1st Half	1991	1990
Revenue	14,060.	14,510.
Net Inc.	1,040.	845.00
Per Share	2.08	1.66

Ashland Oil

3rd Quar.	1991	1990
Revenue	2,310.	2,240.
Net Inc.	44.70	100.00
Per Share	1.19	1.79
9 Months	1991	1990
Revenue	6,790.	6,500.
Net Inc.	82.50	122.90
Per Share	1.48	2.21

Atlantic Richfield

2nd Quar.	1991	1990
Revenue	4,240.	4,040.
Net Inc.	246.00	391.00
Per Share	1.51	2.36
1st Half	1991	1990
Revenue	8,930.	8,250.
Net Inc.	577.00	983.00
Per Share	3.68	5.91

Bankers Trust

2nd Quar.	1991	1990
Net Inc.	185.00	174.00
Per Share	2.14	2.06
1st Half	1991	1990
Net Inc.	345.00	372.00
Per Share	4.02	4.42

Becton Dickinson & Co

3rd Quar.	1991	1990
Revenue	554.60	496.60
Net Inc.	49.00	46.70
Per Share	1.26	1.20
9 Months	1991	1990
Revenue	1,590.	1,430.
Net Inc.	127.50	130.00
Per Share	3.26	3.07

Bell Atlantic

2nd Quar.	1991	1990
Revenue	3,080.	3,080.
Net Inc.	355.10	342.80
Per Share	0.91	0.92
1st Half	1991	1990
Revenue	6,080.	6,090.
Net Inc.	708.70	718.10
Per Share	1.82	1.82

Commonwealth Edison

2nd Quar.	1991	1990
Revenue	1,520.	855.70
Net Inc.	157.50(a)	378.4
Per Share	0.65	—
1st Half	1991	1990
Revenue	2,840.	2,250.
Net Inc.	162.20(a)	291.3
Per Share	0.58	—

Cummins Engine Co.

2nd Quar.	1991	1990
Revenue	877.40	871.30
Net Inc.	(a)117.20	6.10
1st Half	1991	1990
Revenue	1,690.	1,730.
Net Inc.	0.00	15.00
Per Share	—	0.56

a: loss. Per share results after preferred dividends.

Eaton

2nd Quar.	1991	1990
Revenue	855.00	952.00
Net Inc.	30.00	53.00
Per Share	0.89	1.49
1st Half	1991	1990
Revenue	1,670.	1,890.
Net Inc.	78.00	107.00
Per Share	0.54	2.97

1990 six months includes charge of $39 million.

Freeport-McMoran

2nd Quar.	1991	1990
Revenue	390.00	370.00
Net Inc.	22.70	47.40
Per Share	0.41	0.88
1st Half	1991	1990
Revenue	797.00	771.00
Net Inc.	61.70	264.80
Per Share	0.92	4.77

General Signal

2nd Quar.	1991	1990
Revenue	410.90	429.90
Net Inc.	15.20(a)	21.90
Per Share	0.79	—
1st Half	1991	1990
Revenue	808.40	868.90
Net Inc.	29.40	(a)11.64
Per Share	1.53	—

a: loss.

Lyondell Petrochem.

2nd Quar.	1991	1990
Revenue	1,460.	1,480.
Net Inc.	69.00	155.00
Per Share	0.86	1.93
1st Half	1991	1990
Revenue	3,080.	2,890.
Net Inc.	168.00	293.00
Per Share	2.10	2.91

Philadelphia Electric

2nd Quar.	1991	1990
Revenue	958.60	857.80
Net Inc.	125.00	135.90
Per Share	0.50	0.52
1st Half	1991	1990
Revenue	1,990.	1,790.
Net Inc.	266.90	167.70
Per Share	1.08	0.56

Ryder System

2nd Quar.	1991	1990
Revenue	1,280.	1,280.
Net Inc.	21.60	32.20
Per Share	0.26	0.39
1st Half	1991	1990
Revenue	2,500.	2,500.
Net Inc.	19.40	39.40
Per Share	0.19	0.45

Santa Fe Pacific

2nd Quar.	1991	1990
Revenue	569.40	547.50
Net Inc.	17.20	(a)11.30
Per Share	0.10	—
1st Half	1991	1990
Revenue	1,130.	1,160.
Net Inc.	34.50(a)	62.70
Per Share	0.20	—

a: loss.

Sears, Roebuck Co.

2nd Quar.	1991	1990
Revenue	14,090.	13,250.
Net Inc.	239.30	237.90
Per Share	0.70	0.69
1st Half	1991	1990
Revenue	26,970.	26,460.
Net Inc.	442.00	344.20
Per Share	1.29	1.00

BRITISH: *Single Market Will Find Large Companies Better Prepared Than Small Ones*

(Continued from first finance page)

foreign companies that have invested in Britain account for 13 percent of jobs, 19 percent of net output and 21 percent of net capital expenditure, according to government figures.

"To some extent the best ground for optimism, is the transplants from Japan, the United States and European countries," said Neil Kay, an expert on the EC single market at the University of Strathclyde.

The foreign companies have set up state-of-the-art facilities, provided stiff new competition to the locals and helped bring components suppliers up to scratch, he said. They also export much of their production. The U.K. deficit in automobile trade has been slashed in half during the last couple of years and could move into surplus later in the 1990s, principally thanks to Japanese production.

After concentrating much of their firepower on North America and other parts of the English-speaking world for years, British companies began a major push onto the Continent in 1989 and 1990, spending more than £11.5 billion on more than 500 acquisitions, according to figures compiled by IDD Information Services. During the same time period, however, French firms spent about the same amount in Britain alone.

"The companies that will succeed Europe-wide after 1992 will be the ones that have been there for 10 years, not just exporting but directly involved in the market place," said Leo Murray, head of the Cranfield School of Management. "But with big U.K. companies the effort has been intermittent, and small and medium sized firms have been doing nothing at all," he added.

Mr. Murray said comparisons between Continental and British companies were often misleading. As a result, contrasts that appear to favor the British company can in fact mask long-term vulnerability. "The standard of success for British industry is much more short-term, linked to how the stock does on the market," he said.

Despite these problems, analysts said big companies tended to be aware of the challenge and well on the way to doing something about it. The small and medium-sized companies, however, have done little to adjust to the single market.

Analysts said the most complacent have been firms providing services to public authorities, like health care, transport, and waste disposal, which account for billions of pounds of business and thousands of jobs.

Mr. Mayes said that the widespread view that such service was too local to be vulnerable to outside competition could turn out to be a "dangerous misjudgment."

"On the whole patients don't move to get care, but with the low cost of travel, people have started to go to France. The significance of that shouldn't be dismissed," he said. When a French company won the contract to provide garbage collection in Liverpool, some observers viewed the event as an exception that reflected the appalling state of that city's local politics.

But Mr. Mayes and others said it was merely the latest indication that public procurement companies needed to begin looking over their shoulders very hard and making sure the quality of their products was competitive.

The same disparity exists on the Continent, the experts said, though they insisted that the problem was worse in Britain. In part, geography explains the difference, analysts said, pointing out that most Continental companies have been facing cross-border competition for years, while the Channel has proved a barrier far wider than its actual width.

In addition, Britain's top companies have long concentrated their activities on the rest of the English-speaking world, an orientation that inevitably had a strong influence on the choices and attitudes of the small and medium-sized firms.

"Originally, that strategic choice was well founded, but British firms were slow to see the opportunities in Europe as they emerged and did not attack those markets aggressively when we had the base to do so," Mr. Simmonds said.

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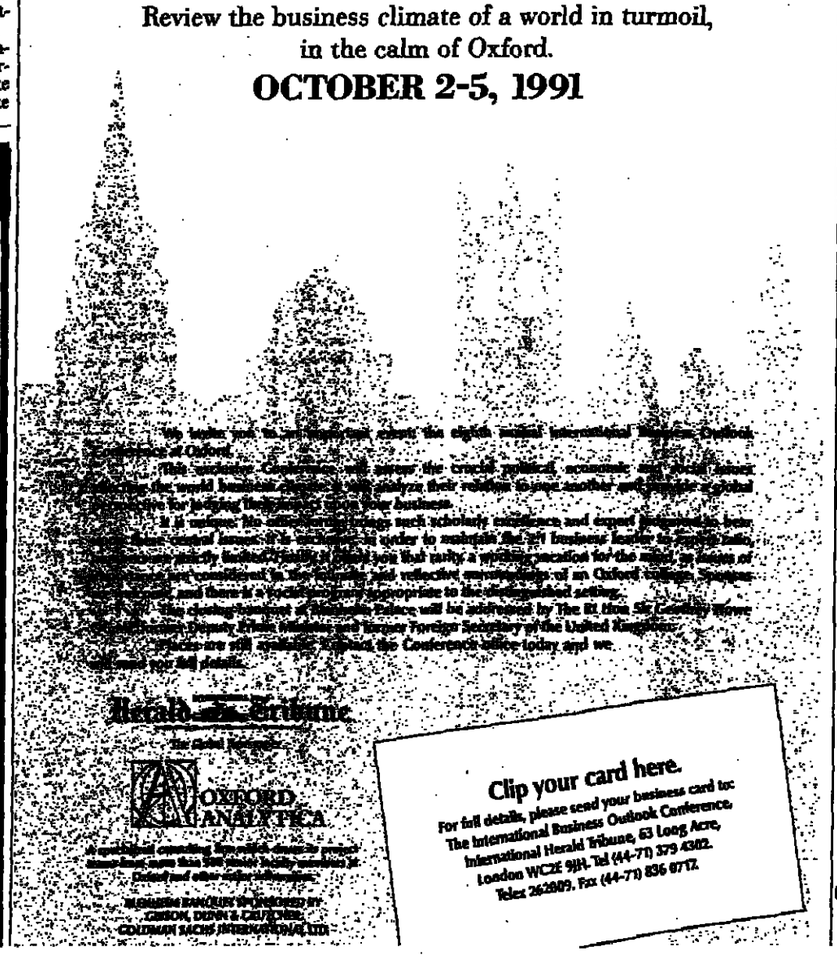

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NASDAQ

Tuesday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
A										
37¾	20	A&W Bd	.40	1.1	24	105	35¾	35	35	—¾
12¼	4½	ACC Cp	.16	1.5	28	184	10⅝	10¼	10¼	
43¼	15¼	ADC		—	14	3873	29¼	27	27	—2¼
29¾	7⅛	ADT								
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AMEX

Tuesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
A										
9¼	7½	AIM Str	.84	9.7	—	237	8⅝	8½	8⅝	+ ⅛
1⅝	⅞	AIM Tel			—	38	⅝	⅝	⅝	+ ⅛
⅝	⅛	AM I wt			—	10	¼	¼	¼	
7⅞	3	AMC			24	48	5⅝	5½	5⅝	— ⅛
2	¼	AOI			—	28	⅝	⅝	⅝	
1⅛	¼	ATTC wt			—	60	⅜	⅜	⅜	+ ⅛
54¼	45¾	ATT Fd	2.55e	4.9	—	114	52⅛	51½	51¾	— ⅛
12	2⅝	ATI			36	28	3	2⅞	2⅞	— ⅛
10⅝	5	Ablomd			—	22	6⅝	6⅛	6⅛	— ⅛
4¾	2⅛	AckCom			—	16	2⅝	2⅝	2⅝	— ⅛
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The remaining stock table rows on this page (NASDAQ A through Z, AMEX A through Z, NYSE continued) are illegible at this scan resolution: [illegible]

Arrest of 3 Fo[...]

Compiled by Our [...]

TOKYO — Three former top [...] based trading company, were arre[sted ...] breach of trust, a company officia[l ...] Itoman's former president, Yos[...] gaki, the company former vice [...] issued by the Osaka prosecutor's [...] Three other arrests were made, [...]

NYSE

Tuesday's Closing

Tables include the nationwide pri[ces up to] the closing on Wall Street and do [not reflect late] trades elsewhere. *Via The Asso[ciated Press]*

(Continued)

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
g — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xdis — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

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هكذا من الأصل

Arrest of 3 Former Top Itoman Executives Is Reported

Compiled by Our Staff From Dispatches

TOKYO — Three former top executives of Itoman Corp., an Osaka-based trading company, were arrested on Tuesday for alleged corporate breach of trust, a company official said.

Itoman's former president, Yoshihiko Kawamura, and Sadamu Takagaki, the company former vice president, were arrested on warrants issued by the Osaka prosecutor's office after weeks of investigation.

Three other arrests were made, the official said.

Prosecutors in Osaka, Japan's second-largest city, refused to comment on the arrests, in keeping with official policy.

The arrests followed earlier allegations in the press that officials at Itoman made use of readily available cash to invest and speculate in art and real estate markets in recent years.

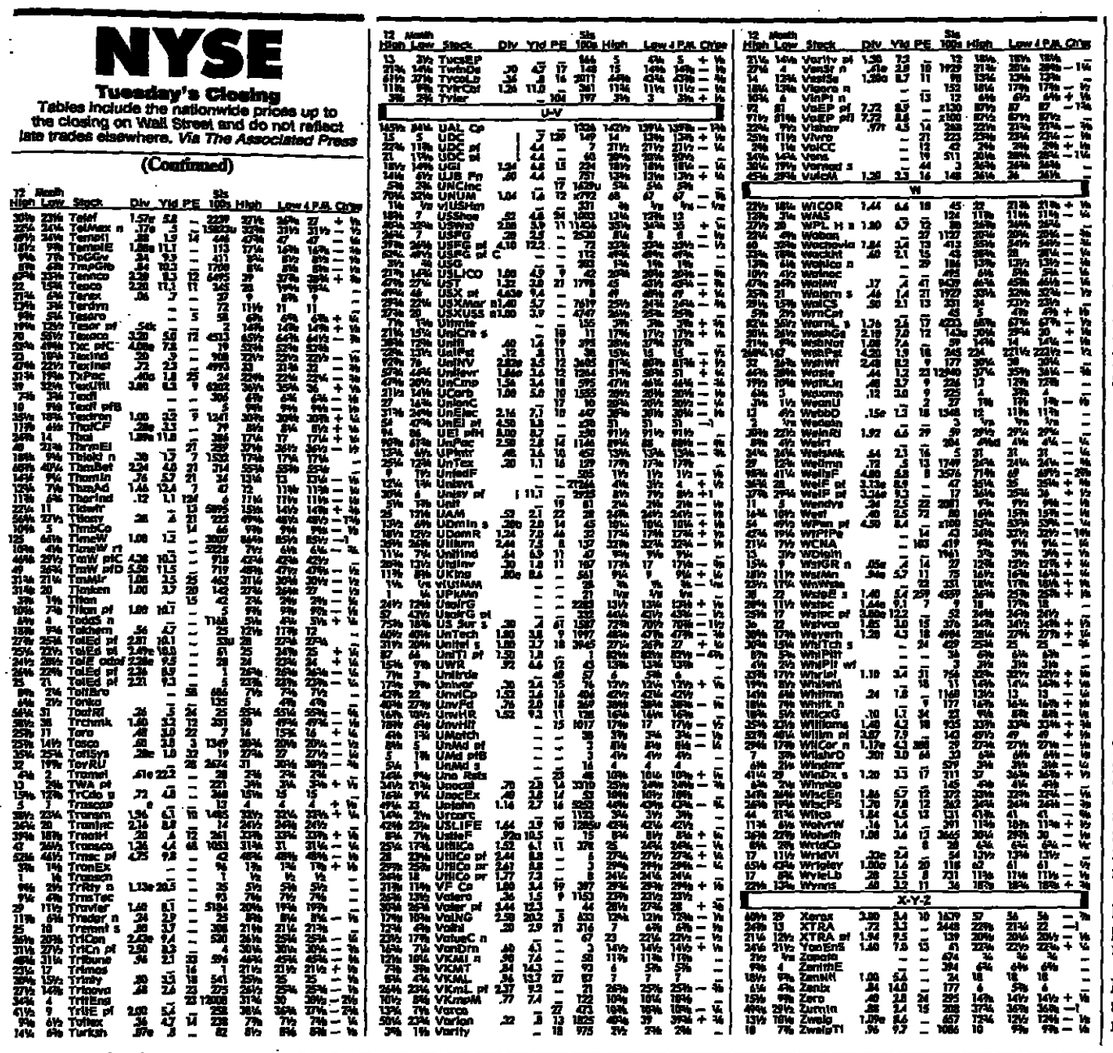
Last year alone, Itoman purchased some 68 billion yen ($496 million) worth of art, Japanese press reports said. When stock and property prices began to slump last year, Itoman had a net loss of 60.4 billion yen in the year that ended March 31. *(Reuters, AP)*

NYSE

Tuesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

(Continued)



Seoul Sets Duties On Resins Makers

Compiled by Our Staff From Dispatches

SEOUL — South Korea turned the tables Tuesday and said it would impose what amount to anti-dumping duties on Du Pont Co. of the United States and a Japanese and German company for allegedly selling polyacetal resins below market prices.

It was the first time South Korea had decided to hit foreign companies with such a measure — until now, South Korea's partners have levied dumping duties on it.

The decision followed complaints by Korea Engineering Plastic Co. against the three companies: Du Pont, Hoescht-Celanese Corp., the U.S. unit of Germany's Hoechst AG, and Asahi Chemical Co. The Korean company said the three foreign concerns shipped low-viscosity, mid-viscosity and special-grade polyester resins to South Korea at prices below those on their home markets.

The resins are used in the making of items as varied as computers, automobile parts, audio and video cassette-tape parts and zippers.

The Korea Trade Commission ruled that the three companies' action had caused damage to the domestic polyster-resin industry.

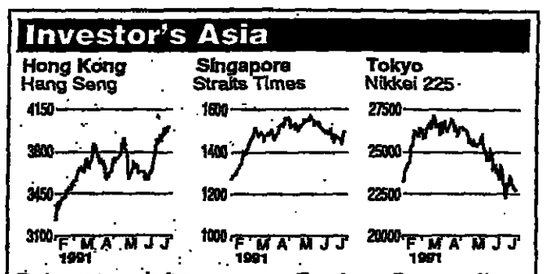
A Finance Ministry spokesman said South Korea had decided to fix the price of imported polyacetal resins at above-market rates to ensure the domestic producer obtains a 6.4 percent profit on sales.

"The government has no intention of covering losses by South Korean companies," the ministry spokesman said.

An executive of one of the U.S. firms said the fixed prices were 4 to 9.7 percent above market levels.

"It is a 4 to 9.7 percent duty," he said. *(AFP, AP, Reuters)*

Investor's Asia



Exchange	Index	Tuesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	4,009.82	3,988.35	+0.54
Singapore	Straits Times	1,499.05	1,491.40	+0.51
Sydney	All Ordinaries	1,570.60	1,570.30	+0.02
Tokyo	Nikkei 225	22,758.98	22,705.29	+0.24
Kuala Lumpur	Composite	601.92	595.85	+1.02
Bangkok	SET	706.86	710.61	-0.53
Seoul	Composite Stock	658.27	659.49	-0.18
Taipei	Weighted Price	4,822.98	4,895.84	-1.49
Manila	Composite	1,010.34	1,022.97	-1.23
Jakarta	Stock Index	325.26	324.93	+0.10
New Zealand	Barclays	1,461.12	1,464.01	-0.20
Bombay	National Index	Closed	701.44	-

Sources: Reuters, AFP International Herald Tribune

Australia Freezes Property Trusts

Compiled by Our Staff From Dispatches

CANBERRA — The Australian government has put a 12-month freeze on the 7 billion dollars ($5.2 billion) deposited with unlisted property trusts to prevent panic withdrawals of funds and resulting forced property sales.

"Rumors have been circulating that there could be a run on these trusts," said Attorney General Michael Duffy, who announced that the freeze on withdrawals would take effect immediately.

He said the property market was unstable because of the recession and said that mass withdrawals of funds, leading to a "fire sale" of properties, would have been disastrous for investors.

Mr. Duffy said the government was convinced that a standard 12-month period was essential if fund managers were to cope with the difficulties they were facing in meeting withdrawals from trusts at short notice.

"It was readily apparent from the liquidity problems experienced by unlisted property trusts over the past year or so that many of these trusts would need to restructure the way in which they operated," he said.

The trusts not listed on the stock exchange offer higher returns for generally higher risk and are not under the constraints of stock exchange rules, which require full disclosure of activities.

Property trusts listed on the exchange tend to be much more conservative and largely offer growth over a longer period in low-risk properties.

Most deposits with unlisted trusts are made by small investors, who in the property booms of the 1980s made big profits over a few months, switching money from fund to fund.

But when recession began to bite in the middle of last year, funds were pulled out swiftly as the value of holdings fell with the drop in property values and rise in interest rates.

Treasurer John Kerin told reporters the 12-month freeze on withdrawals was essential to help fund managers restructure the trusts without fear of mass withdrawals.

He said legislation to enforce the freeze formally would be implemented soon.

"Without the freeze, if a manager called a meeting there would have been a run," said Mr. Kerin.

Fund managers can make hardship payments to investors in financial need as a result of the 12-month freeze, he said.

"Unit holders will continue to get interest. They simply can't get their money out," said Mr. Kerin. He described the action as sensible in view of the property market. *(Reuters, AP)*

China Warned On Inflation

Reuters

BEIJING — The governor of China's central bank has warned that demand for credit, loans and disaster relief has seriously boosted inflation, the newspaper China Daily said on Tuesday.

Li Guixian, governor of the People's Bank of China, said "the financial situation for the second half of this year allows no room for optimism."

China's leadership has identified urban inflation as one reason for the pro-democracy protests that were eventually crushed by tanks and troops in 1989. Official austerity did bring inflation somewhat under control, but a decision in May to raise prices for rice and cooking oil has renewed the upward spiral.

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July 23, 1991

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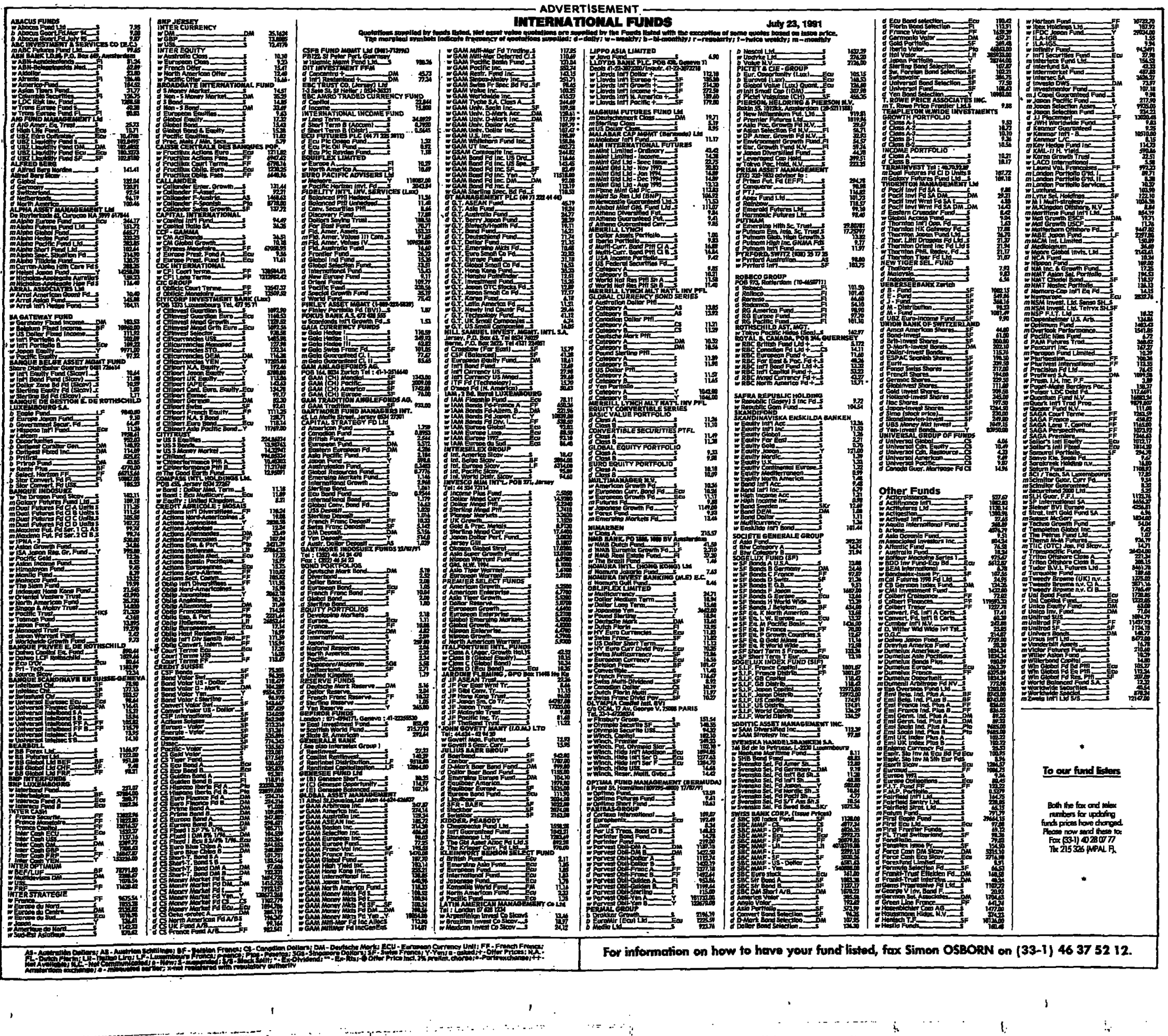

AS - Australian Dollars; AS - Austrian Schillings; BF - Belgian Francs; C$ - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; LI - Italian Lira; LF - Luxembourg Francs; Pesetas; Ptas - Portugal Escudo; $ - Singapore Dollars; SF - Swiss Francs; Y - Yen; a - asked; f - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; s/s - Stock Split; x - Ex-Dividend; ** - Ex-Rts; ◊ Offer Price incl. 3% prelim. charge; • - Paris exchange; ++ - Amsterdam exchange; ◊ - Frequent basis; x-not registered with regulatory authority

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SPORTS

The Ailing Rangers No Rx for Red Sox As Skid Reaches 5

Compiled by Our Staff From Dispatches

A pitcher coming down with the flu and a batter whose wife was feeling the first twinges of labor pain have combined to prolong Boston's misery.

Roger Clemens pitched well enough to shake the Red Sox out of a four-game losing streak, but they could manage only five hits off ailing Jose Guzman and two relievers in the Rangers' 2-1 victory Monday night in Arlington, Texas.

"It's hard to believe we can't muster up a little better offense than we have the last few nights," said the Boston manager, Joe Morgan.

Steve Lyons's second-inning home run was all Boston could manage against Guzman, the first Texas starter to produce a victory in eight games.

Although he showed flu symptoms, Guzman went 7⅓ innings, allowing five hits and four walks and striking out eight. Kenny Rogers retired Mike Greenwell with two runners on in the eighth, and Jeff Russell pitched a perfect ninth as Texas won its third straight.

"I got sick after the second inning," Guzman said. "But it was a close game, and I wanted to stay in. I hope I get sick every five days."

The flu bug kept Rafael Palmeiro and Dean Palmer out of the lineup, benched Ruben Sierra after six innings and infected Jeff Huson and Guzman, said the Texas manager, Bobby Valentine.

Rangers third baseman Steve Buechele was healthy but had one ear cocked for a call from his wife, Nancy, who was ready to go to the hospital to bear the couple's second child.

When the call didn't come, Buechele scored a run in the first inning on Julio Franco's single and broke a 1-1 tie in the fifth with his team-high 15th homer of the year.

"No one deserved to lose that one," Valentine said. "Clemens threw one inside pitch, and Boo put it in the seats. The at-bats we had early in the game, stringing out the count, were the reason Boo hit that home run. In the middle innings, Clemens was a little more tired than he usually is."

BASEBALL ROUNDUP

"I made some good pitches and moved the ball around," said Clemens, who lost despite throwing a seven-hitter with four walks and four strikeouts. "I had fun, that's the bottom line. We're not playing well right now, but you can't let it get to you."

White Sox 5, Brewers 4: Chicago pulled within five games of the American League West's leader, Minnesota, rallying for two runs in the sixth to beat Milwaukee.

Dan Pasqua hit the inning's first pitch for his 11th home run of the season, tying the score at 4-4, and Ozzie Guillen later hit the second of his run-scoring singles.

The White Sox won the 15th of their last 18 home games against the Brewers. The start of the game was held up 18 minutes by rain, and there was a 31-minute delay in the fourth inning.

Braves 7, Pirates 3: In Pittsburgh, Greg Olson drove in two runs with a double to highlight Atlanta's seven-run fourth, and John Smoltz scattered six hits over seven innings.

Smoltz also had an RBI double in the fourth off loser Zane Smith. Otis Nixon had a run-scoring single, stole his 49th and 50th bases of the season and scored a run in the big inning.

Smoltz gave up three runs, walked two and struck out two to notch his third straight victory.

Pittsburgh's Andy Van Slyke drove in two runs with a first-inning groundout and a leadoff home run in the sixth.

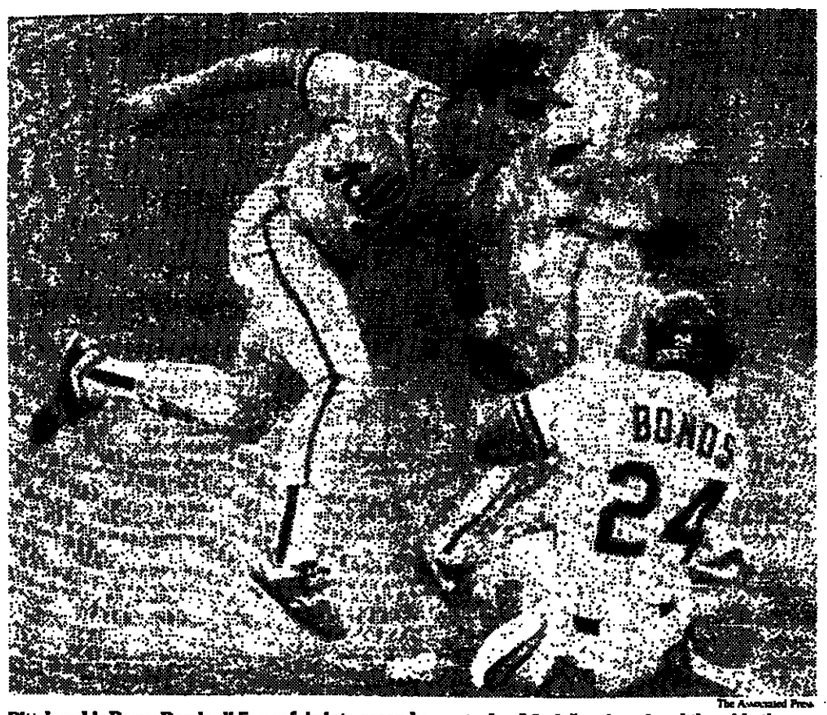
Cardinals 9, Astros 1: In St. Louis, Milt Thompson and Felix Jose each drove in three runs and Jose DeLeon won his first game in more than a month to power the Cardinals' rout.

St. Louis scored a season-high seven runs in the sixth inning, breaking the previous high of six, also accomplished against Houston, May 18.

The Astros have lost 3 straight games and 8 of their past 10.

Pitching his first complete game since Aug. 15, 1989, DeLeon recorded his first victory since June. 19. He also broke a seven-loss skid for July, winning for the first time in the month since July 31, 1989.

(AP, UPI)



The Associated Press

Pittsburgh's Barry Bonds sliding safely into second on a steal as Mark Lemke missed the wide throw.

Ewing and Knicks Go to Arbitration

By David Aldridge
Washington Post Service

NEW YORK — L'affaire Patrick Ewing reached the legal stage in a hotel here, with counsels for the New York Knicks center, the National Basket Association Players' Association, the Knicks and the NBA all arguing before an arbitrator, Daniel Collins, on Ewing's petition for restricted free agency.

In an all-day session Monday, Ewing's group put its case on record against that of the Knicks and the league.

Asked if Collins had enough facts to render a decision, Steve Umin, Ewing's chief counsel, said he had "all the facts that he's going to get." He said that everyone who was relevant to the case testified, "with one exception."

Presumably, that was Ewing. David Checketts, president of the Knicks, said that Ewing did not testify during the seven-hour hearing.

"We were very pleased with the hearing," said Checketts. "We thought that both sides were represented well. We shook hands with both Patrick Ewing and David Falk at the conclusion of the hearing. The relationship remains very good." Falk is Ewing's agent.

Collins, a veteran arbitrator and New York University law professor, was not expected to make a decision for at least a week.

Ewing's 10-year, $31 million contract, signed in 1985, stipulated that he could become a restricted free agent after six seasons if his base salary was not one of the four highest in the league. Umin and Falk contend that that is the case and that Ewing should be granted free-agent status.

The Knicks and the NBA contend that Ewing's base salary of $3.1 million for the coming season is fourth in the league, behind Cleveland's John (Hot Rod) Williams, Chicago's Michael Jordan and Houston's Hakeem Olajuwon.

Falk acknowledges those three, but adds yet-unnamed fourth and fifth players whose base salaries he says exceed Ewing's. One of the other players is said to be Boston's Larry Bird, who will make more than $7 million next season.

But most of that is in the form of a "balloon payment" bonus to Bird, whose base salary next year is around $2 million. The Knicks contend that the language in Ewing's contract refers to base salary only and does not include bonuses. Including bonuses, Ewing will make more than $4 million next year.

If Ewing is victorious, his case will enter another phase. As a restricted free agent, he could sign an offer sheet with any team, but the Knicks could match any offer. And the Knicks have already made him a qualifying offer for next year contingent on his winning the case.

But it is likely that Ewing would then petition the league's Special Master for the U.S. District Court in Newark, New Jersey, which handles all disputes between players and the league pertaining to the collective bargaining agreement.

In this petition, Ewing would ask to be declared an unrestricted free agent, free to sign anywhere for anything with anybody, with the Knicks having no power to match.

Congratulations, Señor Basile

Copa América Victory Signals New Era for Argentina

International Herald Tribune

LONDON — Open letter to Alfio Basile, coach of Argentina's national team, the new South American soccer champion:

Dear Alfio Basile:

Congratulations. Your deserved Copa América victory sets an example, a challenge to us all. In transcending a tournament of more full-blooded attacking consistency than any over the past two decades, Argentina has made a start toward restoring values of team play, of organization and of spirit.

Your performance spurs hope that players, not politicians, can turn our sport around. You and I are old-fashioned enough to believe attitudes, rather than rule changes, hold the key to making soccer once again a decent adventure.

You appear to be in the process of finding a generation of players capable of expressing themselves without trampling over football's prime purpose: playing the ball.

Rob Hughes

All things are relative. Argentina still has traces of winner-takes-all traits, such as the orchestrated shuffles forward once referees have paced the wall back to 10 meters.

And last week's volatile encounter with Brazil, plus your dour draw against Chile, tell us there is much to squeeze out of the system yet.

I salute, however, the enormous effort you are clearly making. Without actually admitting you received a poisoned chalice, you announced upon taking over Argentina six months ago that your aim was a more attacking style, and a team in which the people could feel pride.

To have come so far in half a year is remarkable. Hundreds of thousands cheering you in the Plaza de la República in Buenos Aires reflect the passions you have reawakened.

I suspect the euphoria runs deeper than winning the Copa América for the first time in 32 years. Back in 1978, when a similarly attacking Argentine side won the World Cup, I experienced the exciting joy — also in Plaza de la República — of a million people liberated from military curfew and ecstatic in the manner of sporting triumph.

The players were like peacocks, the fans like crowing cocks. Had Argentina brought back the World Cup last year, it would have been stolen by chopping down opponents and penalty shoot-out lotteries. Your compatriots would surely have felt a hollowness.

This is because, though Argentines and Brazilians can seldom play without destroying each other's rhythm, you share a Latin sense of beauty in winning the right way.

Toward that end, Señor Basile, you had one unlikely stroke of fortune when succeeding Carlos Bilardo. It was that you could not select Diego Maradona.

Bilardo had been bemused by the errant genius. He announced his team as "Maradona and 10 others," thus disparaging the notion of teamwork and the abilities of the other 10 players.

Thank heavens it ended in tears. Thank heavens you came along to build from scratch. Maradona may yet return — and Bilardo is now working with doctors and psychiatrists to ensure that he will when his 15-month sentence for drug abuse is served.

It could make a beautiful marriage: your team, virile and strong of mind, and a Maradona welcomed by them as a star but never again as one-man show. Even in his 30s, Maradona would be a marvelous prompt to the speedy Claudio Caniggia and the opportunistic goal-scorer Gabriel Batistuta.

YOU HAVE seen to it, however, that Argentina has backbone right through the team. Sergio Goycochea's acrobatic shot-stopping in goal was bequeathed, and I doubt you would take the captain's armband off Oscar Ruggeri, a center-back whose leadership more than compensates for lack of finesse.

The rest you plucked from financially strapped Argentine clubs. Fabian Basualdo triggers forays with attacking instincts from right back, and Leonardo Astrada, 21, is developing into the new Ossie Ardiles, a play-master able to give and take the ball and build links between defense and attack.

Dario Franco and Diego Simeone give you midfield fight and quickness, and Simeone, wearing Maradona's No. 10, finished tearfully in Santiago just as the Great One had in Rome. The difference was Simeone cried a winner's joy.

Yet, either you are a lucky general or a secretively astute one. For with all the scouts predicting your new wonder boy is 21-year-old Diego Latorre — a quick, well-balanced, eye-catching mover — you dropped Latorre during this tournament in favor of Leonardo Rodriguez, also 21.

Rodriguez has a pimpernel's elusiveness and, playing just behind the front runners, his right-foot distribution created crucial goals.

Just as important in a competition demanding seven performances in 14 days, you fielded nine reserve players against Peru, yet still emerged 3-2 victors. Those reserves had shown earlier this year, in coming from two goals down to draw 2-2 against England at Wembley, that quality runs deep in Argentina, and spirit in is abundance.

Now, as only a winner can, you invite the fans and media to judge your work. Permit me a single reservation: your Argentina has won 15 and drawn five matches, and we have yet to see its response in defeat.

FORGIVE ME, but history is relevant and it reminds us that Alfio Basile was a fierce defender, once banned for three years after being sent off playing for his country. The record also shows you were part of Racing Club during its peak in 1967 when winning the Inter-Continental Cup against Glasgow Celtic ended in a deplorable brawl.

Those days of Latin vs. European interpretations of soccer were spiced with malice. It did not help that, while the Scottish club fined its players £200 ($320) apiece, your directors shrugged off the violence by rewarding you with £2,000 bonuses per man.

The legacy of even uglier cost to limbs and laws involving Independiente put European and South American exchanges off-limits for years. There is still no statesman capable of convincing the two hemispheres of a common interpretation of simple rules.

Still, there is always tomorrow. On the evidence so far, we have reason to believe Alfio Basile, having learned from the past, might be a responsible leader of the near future.

If you go on freeing flair and pace at the cutting edge of disciplined teamwork, I very much suspect Argentina can reclaim the crown and worldwide respect. If that is the case, Vamos, Argentina, vamos!

Rob Hughes is on the staff of the Sunday Times.

Gianni Bugno in front of Miguel

Rain Interr... At Federati...

Agence France-Presse

NOTTINGHAM, England — Heavy rain stopped play for several hours at the Federation Cup women's tennis tournament here on Tuesday, forcing the matches to be rescheduled.

Only 6 of the 10 singles matches had been completed when the rain sent players and officials running for cover.

Play was to resume early Wednesday morning.

In the main tournament, Conchita Martinez of Spain beat Dominique Monami of Belgium, 6-3, 6-1, before the rain came, giving the top-seeded Spanish squad a 1-0 lead.

In the U.S. team's clash with the Netherlands, Zina Garrison, the 1990 Wimbledon finalist, was struggling badly in the first singles.

Garrison managed to win the first set, 7-5, in the ninth game Nicole Jagerman, but then lost the second set, 6-2, in the second game. 28, squandered a ...

DELINES

Steinbrenner on ...

ATLANTA (AP) — George Steinbrenner, owner of the New York Yankees, has been named ... Olympic Games.

The president of the U.S. Olympic Committee announced the appointment of Steinbrenner, the CEO and vice president since 1987, to the Summer Games in Atlanta. The U.S. Olympic Committee board.

Steinbrenner, 61, relinquished ... because of his payments to an admitted baseball player, Dave Winfield. Steinbrenner was suspended in August after the baseball commissioner banned him from baseball. He was reinstated ...

Croatia Creates Sep...

BELGRADE (Reuters) — The Yugoslav republic ... will set up its own Alpine skiing ... competing separately from the Yugoslav team next season.

"Bearing in mind the current political situation ... alone," said Goran Dijakovic, ... Croatia and Slovenia, the two republics ... month, usually provide most of Yugoslavia's ...

Dijakovic said the Croatian people's ... World Cup races next winter separately ... was formed in 1978 to provide funds ... expected "official confirmation from ... very soon."

For the Record

The former world heavyweight boxing champion ... South, making a comeback at age 39, ... Cottrell heavyweight title Monday night ... Emmanuel Odom in Inglewood, California.

Hank Faldo, two-time winner of the Ryder Cup, ... gold card place on Europe's Ryder Cup team ... of the trophy against the United States. ... former British Open champion, was ... was announced early because Faldo ... team by climbing into the top nine on ...

The International Amateur Athletics Federation ... Tuesday a recommendation made last ... give provisional membership to South Africa ... return to the world track championships.

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BOOKS

KLANWATCH: Bringing the Ku Klux Klan to Justice

By Bill Stanton. Illustrated. 277 pages. $21.50. Grove Weidenfeld, 841 Broadway, New York, N.Y. 10003.

WOMEN OF THE KLAN: Racism and Gender in the 1920s

By Kathleen M. Blee. Illustrated. 228 pages. $24.95. University of California Press, 2120 Berkeley Way, Berkeley, Calif. 94720.

Reviewed by Herbert Mitgang

SOME leaders of the Ku Klux Klan have shed their hoods in an effort to gain respectability, have entered the political arena as candidates and have sought to gain recruits in an increasingly multicultural society. Only the message of racial hatred remains the same.

In two revealing new books about the Klan that range from the 1920s to the 1990s — "Women of the Klan," by Kathleen M. Blee, and "Klanwatch," by Bill Stanton — the reader learns that the present leadership resembles the Kluxers of the past, but with a few new twists.

"Klanwatch" is the story of an organization that has challenged the KKK in courtrooms all over the country in the last 10 years. Stanton is a historian who has served as director of this group, the Klanwatch Project, since 1985. His straightfoward account isn't always clearly organized, but it does call to mind the civil rights struggles of the 1960s.

He tells how two white lawyers, Morris S. Dees Jr. and Joseph J. Levin Jr., founded the Southern Poverty Law Center in Montgomery, Alabama, in 1980 and what it has achieved. Klanwatch is an arm of the center. The Klanwatch Project became an information bank, a forum for education and an instrument for filing lawsuits against the KKK.

Stanton writes that while the Klan is momentarily on the decline, other racist organizations are springing up. "Extremist groups, after all, are merely manifestations of a powerful current of racism that suffuses American life," he says in his informative book.

The cover of Kathleen Blee's "Women of the Klan" shows three hooded women wearing traditional duncelike hats but with their faces visible, as if they were dressed up for a Halloween party. The author describes them as "100 percent American women," supporting their men in the Klan and "battling the seductive allurements" of vice and immorality in the United States in the 1920s.

The author, a professor of sociology at the University of Kentucky, has written a highly original work about the little-known role of Klanswomen in America. The appeal of the KKK to women was not based on cross burning and physical threats. For thousands of native-born white Protestant women, the author says, the Klan was a way to promote racist, intolerant and xenophobic policies and was also "a social setting in which to enjoy their own racial and religious privileges."

To this reader, it sounds like: you bring the blueberry pie for the cake sale; my husband will bring the rope.

The author's interviews with women who were dedicated members of the Klan in the 1920s are original and remarkable. Many of her subjects were privileged women from Indiana who said they were campaigning against "the reactionary forces of Catholicism, Judaism and rural Southern black culture — one they viewed as fully in accord with struggles to extend Social Security benefits or promote equal pay for men and women."

Blee shows how the Klanswomen wanted to control private lives and reach into every American bedroom. The Klan's moral code concerned the chastity of white Protestant women themselves; members vowed to defend women's sexual purity.

In Indiana, the Imperial Wizard warned that two areas were of particular concern: dance halls and automobiles. Both allowed young people a measure of privacy away from the watchful eyes of parents and other adults, and both gave them "a chance to indulge in liquor and sex."

Small wonder that Theodore Dreiser, Sinclair Lewis and Sherwood Anderson didn't have to go very far from their Midwestern origins to invent characters. The hypocrisy revealed in "Women of the Klan" could easily translate as the stuff of fiction.

Herbert Mitgang is on the staff of The New York Times.

BEST SELLERS

The New York Times

This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

FICTION

This Week		Last Wk	Weeks on List
1	THE KITCHEN GOD'S WIFE, by Amy Tan	1	4
2	THE FIRM, by John Grisham	2	19
3	HEIR TO THE EMPIRE, by Timothy Zahn	3	9
4	LOVES MUSIC, LOVES TO DANCE, by Mary Higgins Clark	4	11
5	BEAST, by Peter Benchley	6	4
6	PARADISE, by Judith McNaught	5	4
7	AS THE CROW FLIES, by Jeffrey Archer	7	11
8	OH, THE PLACES YOU'LL GO! by Dr. Seuss	8	69
9	THE PIRANHAS, by Harold Robbins	16	3
10	THE RUSTLERS OF WEST FORK, by Louis L'Amour	9	5
11	VORTEX, by Larry Bond	10	6
12	DARKNESS, by John Saul		1
13	"H" IS FOR HOMICIDE, by Sue Grafton	11	12
14	A SOLDIER OF THE GREAT WAR, by Mark Helprin	14	5 2
15	IMMORTALITY, by Milan Kundera	12	8 3

NONFICTION

1	CHUTZPAH, by Alan M. Dershowitz	2	5
2	IRON JOHN, Robert Bly	1	35 5
3	PARLIAMENT OF WHORES, by P.J. O'Rourke	4	5
4	THE COMMANDERS, by Bob Woodward	3	10
5	BOSS OF BOSSES, by Joseph F. O'Brien and Andris Kurins		2
6	FIRE IN THE BELLY, by Sam Keen	6	10
7	A QUESTION OF CHARACTER, by Thomas C. Reeves	7	3
8	TOUJOURS PROVENCE, by Peter Mayle	5	3
9	PAUL HARVEY'S FOR WHAT IT'S WORTH, by Paul Harvey Jr.	11	4
10	COUNSEL TO THE PRESIDENT, by Clark Clifford with Richard Holbrooke	10	7
11	DAVE BARRY TALKS BACK, by Dave Barry	13	4
12	SILENT COUP, by Len Colodny and Robert Gettlin	8	7
13	WOODY ALLEN, by Erich Lax	9	7
14	UNDER THE INFLUENCE, by Peter Hernon and Terry Ganey		2
15	BULLY FOR BRONTOSAURUS, by Stephen Jay Gould		3

ADVICE, HOW-TO & MISCELLANEOUS

1	FIND WALDO NOW, by Martin Handford	1	24
2	WHERE'S WALDO? by Martin Handford	3	37
3	THE GREAT WALDO SEARCH, by Martin Handford	2	80
4	WEALTH WITHOUT RISK, by Charles J. Givens	5	117
5	DO IT! LET'S GET OFF OUR BUTS, by John Roger and Peter McWilliams		4

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(Answers tomorrow)

Yesterday's Jumbles: EIGHT LIMIT HEAVEN ADRIFT
Answer: The best way to stop the noise in the back of your car—LET HIM DRIVE

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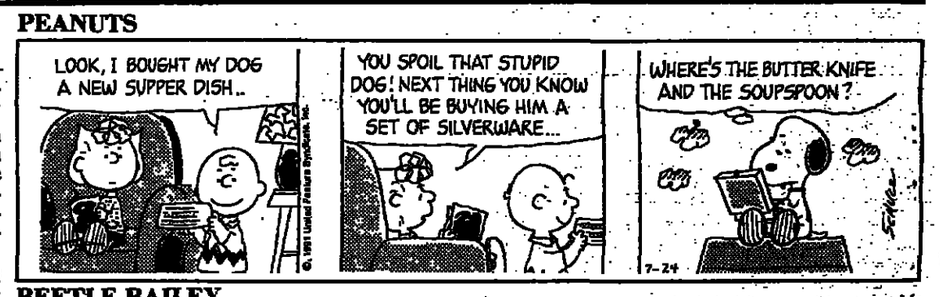
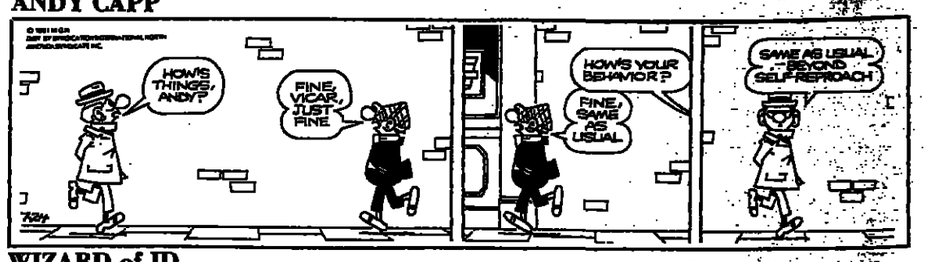
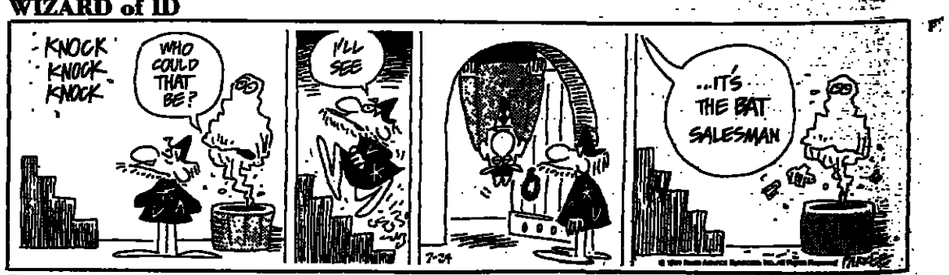


BEETLE BAILEY

ANDY CAPP



WIZARD of ID



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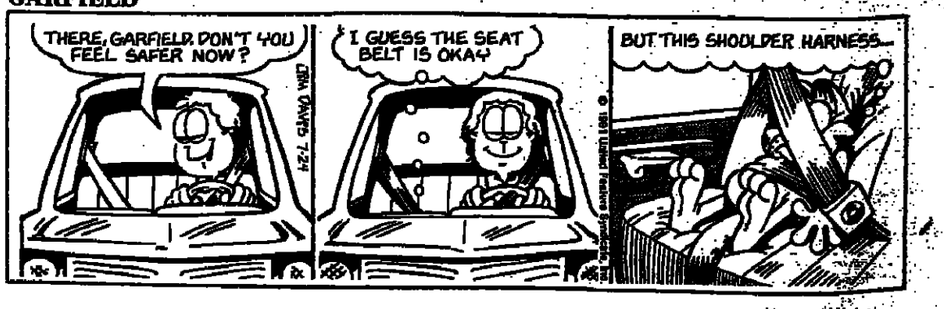

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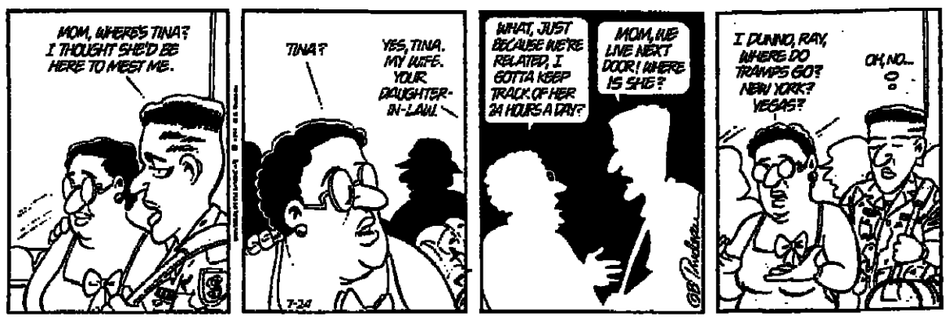

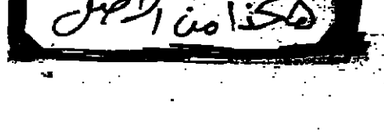

SPORTS

Reuters

Gianni Bugno in front of Miguel Indurain as they neared the end of the Alpe d'Huez climb Tuesday.

Bugno Wins, but Indurain Widens Lead

By Samuel Abt
International Herald Tribune

ALPE D'HUEZ, France — Miguel Indurain showed off all his climbing strength Tuesday and demonstrated that he will be a tough man to overcome in the Tour de France.

In the first, and presumably easier, of two major daily stages in the Alps, Indurain finished a close second and picked up time on most of his rivals in the three-week bicycle race.

The exception was Gianni Bugno, an Italian who rides for the Gatorade team. With a powerful sprint at the finish, Bugno won at Alpe d'Huez for the second successive year.

The victory was the fifth consecutive one by an Italian rider in this 78th Tour de France.

Bugno finished the 125-kilometer (77-mile) stage from Gap in 3 hours, 25 minutes, 48 seconds.

Indurain, a Spaniard with Banesto, was a bicycle length and one second behind him, with Luc Leblanc, a Frenchman with Castorama, third, another second behind.

Bugno was thrilled with his victory but put it into perspective. "It's going to be difficult to make up any time on Indurain, who's in excellent shape and has a terrific team," Bugno said.

That was proven on the long climb to the peak as Jean-François Bernard, a Frenchman with Indurain's Banesto team, set an explosive pace most of the way, faded and then managed to recover and finish fourth.

Once Bernard was gone, Indurain easily stayed with Bugno, who kept looking back over his left shoulder to see if he was gaining ground. He wasn't.

The big losers on the day were Greg LeMond, the American who is seeking his third consecutive victory in the Tour, and Charly Mottet, a Frenchman who ranked second to Indurain on Tuesday morning. They both finished 1:58 behind Bugno.

LeMond refused to comment after the finish. Hampered by a virus, he has alternated strong and weak days since Saturday and confessed to the French sports newspaper l'Equipe on Monday night that he was so unsure of his condition that he could not say whether he would lose 10 minutes on the way to Alpe d'Huez or win the stage.

Somewhat lesser losers included Claudio Chiappucci, an Italian who finished 43 seconds behind, and Laurent Fignon, a Frenchman who finished 1:12 back.

When the computers had finished their work, they showed that Indurain now leads Bugno, in second place overall, by 3:9. Chiappucci is third, Mottet fourth and LeMond fifth, but 6:39 behind with time running out before the race ends in Paris on Sunday.

Whatever their losses, the leaders at least were lucky enough to cross the finish line just ahead of an alpine storm. The rest of the field had to struggle home in a Götterdamerung setting of lightning crackling over craggy peaks and rain lashing meadows and ravines.

Time losses were heavy near the back of the field, which started the stage under heavy clouds and a strong breeze that kept temperatures at about 25 degrees centigrade (85 degrees Fahrenheit).

The start, almost directly up the first climb of the day, the Bayard peak, was extremely rapid. That pace was kept high by a rider from the alpine region, Thierry Bourguignon of the Toshiba team, who went on a two-man breakaway to impress his neighbors.

Through dozens of villages decorated with "Allez Thierry" banners rode the overheated Bourguignon and Pello Ruiz-Cabestany, a Spaniard with Clas. They built a lead of up to four minutes on the pack as they crossed three small hills and approached the Ornon peak, the appetizer to Alpe d'Huez.

Bourguignon was cheered constantly by his fans, who turned out en masse in villages where the next major event, as billboards noted, was a dance on Aug. 6 or a clay pigeon shoot on Sept. 12.

"I'm an impulsive guy," the Frenchman said later, "and I thought I'd make everybody ride hard. Besides, it was really a terrific day for me because I'm from here."

His couple of hours of fame exhausted, Bourguignon boiled over near the bottom of Alpe d'Huez, which rises to 1,480 meters (4,885 feet) and includes a 14-kilometer climb on an 8.2 percent grade.

The 21 hairpin bends on the way up have cooked many riders better than Bourguignon before, and so they did Tuesday. LeMond, Mottet, Fignon and Andy Hampsten, an American with Motorola, dropped back quickly and never could close on Indurain.

The hundreds of thousands of Dutch fans in the vast crowd of spectators were crushed when the first of their countrymen, Steven Rooks of the Buckler team, managed to finish only fifth.

Rooks's first place here in 1988 was part of a string of victories for riders from the flat Netherlands that helped give Alpe d'Huez the nickname of the Dutch mountain.

Now, with Bugno's back-to-back triumphs, that will have to be changed. Mount Molto Bene, anyone?

Not all the news on the Italian side was good, however.

Marco Lietti, the 25-year-old Ariostea rider who won Monday's stage from Alès to Gap in a sprint with LeMond, was badly injured Tuesday morning.

Warming up for the early climb, Lietti swerved to avoid a spectator crossing the road and collided with a car. He had to be taken to a hospital with breaks in his collarbone and the femur in his thigh.

As the final finishers, who had to battle exhaustion, the mountain and the rain, can testify, bicycle racing is not a forgiving sport.

Rain Interrupts Play At Federation Cup

Agence France-Presse

NOTTINGHAM, England — Heavy rain stopped play for several hours at the Federation Cup women's tennis tournament here on Tuesday, forcing the matches to be rescheduled.

Only 6 of the 10 singles matches had been completed when the rain sent players and officials running for cover.

Play was to resume early Wednesday morning.

In the main tournament, Conchita Martinez of Spain had beaten Dominique Monami of Belgium, 6-3, 6-1, before the rain came, giving the top-seeded Spanish squad a 1-0 lead.

In the U.S. team's clash with the Netherlands, Zina Garrison, the 1990 Wimbledon finalist, was struggling badly in the first singles.

Garrison managed to win the first set, 7-5, in the match against Nicole Jagerman, but was down 2-4 in the second.

Garrison, 28, squandered a 4-2 first set lead. Passed time and again as she tried to reach the net, Garrison lost three games in a row, then saved the set with a lob at 5-6.

In Germany's match against Greece, Anke Huber dropped the first set against Christina Papadaki before leveling the score at 3-6, 6-3.

Clare Wood gave Britain a winning start against New Zealand, beating Claudine Toleafoa, 6-3, 6-2.

Judith Wisner scored a 6-2, 6-2, victory over Tania Couto to give fifth-seeded Austria a 1-0 lead over Portugal.

And Czechoslovakia's Radka Zrubakova dominated Maria Strandlund, 6-0, 6-3, to put Czechoslovakia, seeded fourth, in the lead against Sweden.

In a play-off clash, France, beaten by modest qualifiers Poland in the first round of the tournament on Monday, was leading Yugoslavia, 1-0, following a one-sided 6-0, 6-1 victory by 16-year-old Mary Pierce over Ljudmila Pavlov.

Worlds Apart in Auto Racing

For Formula One and Indy, Appearances Are Deceiving

The Associated Press

Formula One racing is to Europe and the rest of the world what Indy cars are to the United States. And despite their similar appearances, the gap between them is about as wide as the Atlantic Ocean that separates their headquarters.

At first glance, Formula One and Indy cars appear nearly identical: open-wheel, single-seat, open-cockpit vehicles that are the premier division of racing in their respective automotive worlds. But beyond the advertising decals they bear, the two are vastly different.

"It's like comparing apples and oranges," said Danny Sullivan, an Indy-car driver who raced for the Tyrrell-Ford team during the 1983 Formula One season. "The Indianapolis 500 has an allure to everybody, but not Indy-car racing. Each Formula One race is the Indianapolis of that country."

Formula One, controlled by the Paris-based FISA, runs a 16-race season that is primarily staged in Europe but also travels to South and North America, Asia and Australia.

Except for this year's opening race in Australia, Indy cars, sanctioned by the Championship Auto Racing Teams, or CART, in Detroit, race a 16-event season in the United States and Canada.

Despite their relative similarities, each has irritated the other, making a merging of the two unlikely.

"The mentality of the two sides are too far apart," said Mario Andretti, the 1978 Formula One and 1984 Indy-car champion. "The only ones that would really like to see it are the drivers, and they don't carry enough clout."

While politics are a major factor, the engine covers conceal fundamental differences.

Formula One cars are powered by a 3,500-cubic centimeter, 12-cylinder normally aspirated engine that runs on a gasoline-based chemical fuel. They have much more torque, allowing them to accelerate faster than their Indy counterparts.

The power plants in Indy cars are turbocharged 3,430-cubic centimeter, V-8 engines that produce about the same amount of horsepower, 700 to 800, but run on methyl alcohol fuel — considered more stable.

Indy cars, because they race on 4-kilometer (2.5-mile) super speedway ovals, can reach a top speed of more than 370 kilometers per hour, while Formula One cars will top out at 340kph.

But one thing that Formula One offers almost exclusively is the enduring names. Since 1950, when the the Formula One series began, the great automakers, including Ferrari, McLaren, Porsche and Lotus, have dominated.

"Formula One has become a gymnasium for technicians and chemists with unlimited budgets," said Eddie Cheever, who ran Formula One from 1978 to 1989 before joining the Indy-car circuit. "I race because I like the competition, not because of the technology."

Formula One has become a more mechanic-based series. While nearly all of the Indy-car teams run on a stock Lola chassis and Chevy V-8 engine, F-1 teams, mostly makers like Ferrari, design and develop their own chassis and engines.

In the case of McLaren, the team of the two-time defending champion Ayrton Senna, the manufacturer develops its chassis in cooperation with the engine-maker Honda.

More liberal technical restrictions allow F-1 teams to build their cars significantly different from competitors and run on fuel developed by their own chemists.

McLaren's budget for this season has been reportedly estimated at $80 million to $100 million, with Honda spending an additional $70 million to $80 million on engine development.

With a "rolling chassis" about $300,000 and engines about $110,000, a top Indy-car team can run a full season on $15 million.

"Formula One has a more technical appearance," said Andretti, who ran from 1968 to 1982 on the Formula One circuit.

There have been rumors that Indy teams are considering a switch to the 3.5-liter engine, largely because of a controversy over the availability of the Chevy V-8 engines, the dominant power plant since 1987.

Proponents contend that allowing the 3.5-liter engine would encourage more manufacturers into the sport, allowing the Indy circuit to grow. Critics counter by citing the F-1 costs and saying it would price out the smaller teams.

Formula One drivers have expressed interest in Indy. Senna recently said he might like to try the circuit when his Formula One career is over.

A few drivers have made the switch: Sullivan, Cheever, Andretti, Emerson Fittipaldi, Teo Fabi all have gone from Formula One to Indy in the past decade.

But they are the relative few, and the possibility of changing the regulations to encourage more crossover or making the two series more alike are not good.

Says Andretti, "Not in my lifetime."

Formula One vs. Indy Cars

Formula One		Indy
505 kilograms (1,114 pounds) minimum.	Weight	703 kilograms (1550 pounds) minimum.
Maximum 110 cms (43.3 inches).	Height	Maximum 82 cms (32 inches) excluding wing and roll bar.
Maximum 215 cms.	Width	Maximum 199.3 cms.
3,500 cc (maximum), normally aspirated, 10- and 12- cylinder. All Formula One teams design and develop their own chassis and engines with McLaren-Honda, Ferrari, and Williams-Renault being the top teams.	Engines and Chassis	3,450 cc (maximum), turbocharged V8s. Nearly all Indy-car teams race on a Lola chassis with the Chevy V8 engine the predominant power plant. Penske chassis and Cosworth engines also are used.
Engines are designed to last about 322 kms (200 miles) before being rebuilt.	Range	Engines are designed to last about 965kms (600 miles).
Approximately 700-800 hp.	Horsepower	Approximately 700-800 hp.
Approximately 330-340 kph.	Top Speed	Approximately over 370 kph.
Gasoline-based chemical mixture developed by individual teams.	Fuel	Methyl alcohol supplied by CART to all teams.
16 races, predominately European, but also races in North America, South America, Japan and Australia. Season title is called 'The Championship'. First season was in 1950.	Season	16 races, almost exclusively in the United States, with races as well in Canada and Australia. Season title is called 'The PPG Cup'. Indianapolis 500 was first run in 1911, but current CART series began in 1979.
Mostly permanent but a few temporary road courses.	Race Courses	Permanent and temporary road courses, short ovals and super speedway ovals.
Grand Prix of Monaco.	Top Event	Indianapolis 500.
No official figures available but McLaren reportedly will spend (500 million-$100 million this year, with its engine maker Honda spending another $70 million-$80 million for engine development alone.	Costs	A top Indy team will spend $10 million-$20 million a year.
FISA, the Paris-based sporting arm of the International Automobile Federation, or FIA.	Governing Body	Sanctioned by the Detroit-based Championship Auto Racing Teams (CART), which is a member of the Automobile Competition Committee of the United States (ACCUS), the U.S. arm of FISA.

Source: AP

International Herald Tribune

SIDELINES

Steinbrenner on 1996 Games Panel

ATLANTA (AP) — George Steinbrenner, the controversial owner of the New York Yankees, has been named to the Atlanta Committee for the Olympic Games.

The president of the U.S. Olympic Committee, Robert Helmick, on Monday announced the appointment of Steinbrenner, who has been a USOC vice president since 1985, to the board that will oversee the 1996 Summer Games in Atlanta. The USOC appoints seven members to the 31-member board.

Steinbrenner, 61, relinquished direct control of the Yankees last year because of his payments to an admitted gambler for information about a star player, Dave Winfield. Steinbrenner was suspended from his USOC position in August after the baseball commissioner, Fay Vincent, banished him from baseball. He was reinstated to the USOC in January.

Croatia Creates Separate Ski Pool

BELGRADE (Reuters) — The breakaway Yugoslav republic of Croatia set up its own Alpine skiing pool on Tuesday and said it wanted to compete separately from the Yugoslav team on the World Cup circuit next season.

"Bearing in mind the current political situation, we have decided to go it alone," said Goran Dijakovic, director of the Croatian Ski Pool. Croatia and Slovenia, the two republics that declared independence last month, usually provide most of Yugoslavia's top skiers.

Dijakovic said the Croatian pool's main goal was to take part in the World Cup races next winter separately from the Yugoslav pool, which was formed in 1978 to provide funds for Yugoslav skiers. He said he expected "official confirmation from the International Ski Federation very soon."

For the Record

The former world heavyweight boxing champion James (Bonecrusher) Smith, making a comeback at age 38, retained his International Boxing Council heavyweight title Monday night with a third-round knockout of Kimmuel Odom in Inglewood, California. *(UPI)*

Nick Faldo, two-time winner of the Masters, on Tuesday was given a wild card place on Europe's Ryder Cup golf team for the squad's defense of the trophy against the United States in September. Although Faldo, a former British Open champion, was expected to be included, the move was announced early because Faldo has little chance of qualifying for the team by climbing into the top nine on the PGA European tour list. *(AP)*

The International Amateur Athletic Federation formally endorsed on Tuesday a recommendation made last week by its African delegation to give provisional membership to South Africa and invited a South African team to the world track championships in Tokyo next month. *(AP)*

Rose Expects Reinstatement To Baseball

United Press International

CINCINNATI — Pete Rose said Tuesday that he expects to be reinstated to major league baseball and enshrined in the Hall of Fame.

"I think he is a fair man," Rose said of the baseball commissioner, Fay Vincent, who could reinstate Rose. Rose, who was banned from baseball two years ago for sports gambling, said he plans to apply soon for reinstatement.

Reinstatement would also make Rose, baseball's career hit leader, eligible for the Hall of Fame. "I'd hate to think I won't get in," he said.

He made his comments as he prepared to leave his hometown of Cincinnati for a new home in Florida, having completed 1,000 hours of court-ordered community service.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE	W	L	Pct.	GB
East Division				
Toronto	55	38	.591	—
Detroit	47	44	.516	7
New York	44	44	.500	8½
Boston	45	47	.489	9½
Milwaukee	41	51	.446	13½
Baltimore	37	54	.407	17
Cleveland	31	59	.344	22½
West Division				
Minnesota	55	38	.591	—
Texas	46	41	.529	5
Chicago	49	42	.538	5
Oakland	49	44	.527	6
California	47	44	.516	7
Seattle	46	45	.516	7
Kansas City	43	48	.472	11

NATIONAL LEAGUE	W	L	Pct.	GB
East Division				
Pittsburgh	56	34	.622	—
New York	53	38	.582	3½
St. Louis	49	43	.533	8
Chicago	44	48	.478	13
Montreal	41	51	.446	16
Philadelphia	40	52	.435	17
West Division				
Los Angeles	51	46	.560	—
Atlanta	48	42	.533	2½
Cincinnati	45	45	.500	5½
San Diego	44	49	.473	8
San Francisco	40	51	.440	11
Houston	37	55	.402	14½

Monday's Line Scores

AMERICAN LEAGUE			
Milwaukee	020 200 000	4	6 2
Chicago	110 102 00x	5	9 2
Wegman and Dempsey; Hibbard, Perez (7), Radinsky (8), Thigpen (9) and Fisk. W—Hibbard, 7-8. L—Wegman, 6-4. Sv—Thigpen (20). HR—Chicago, Pasqua (11).			
Boston	010 000 000	1	5 0
Texas	100 010 00x	2	7 1
Clemens and Pena; Guzman, Rogers (8), Ja.Russell (9) and Rodriguez. W—Guzman, 5-4. L—Clemens, 11-7. Sv—Ja.Russell (20). HRs—Boston, Lyons (3). Texas, Buechele (15).			
NATIONAL LEAGUE			
Atlanta	000 700 000	7	7 0
Pittsburgh	110 001 00x	3	7 2
Smoltz, Stanton (8) and Olson; Z.Smith, Pocklos (4), Heaton (6), Landrum (8) and Lavalliere. W—Smoltz, 5-11. L—Z.Smith, 10-7. HR—Pittsburgh, Van Slyke (11).			
Houston	001 000 000	1	7 1
St. Louis	100 107 00x	9	7 1
Bowen, Capel (6), Henry (8) and Biggio, Servais (8); DeLeon and Pagnozzi, Gedman (8). W—DeLeon, 4-8. L—Bowen, 0-1.			

Japanese Baseball

CENTRAL LEAGUE	W	L	T	Pct.	GB
Chunichi	45	28	1	.615	—
Yakult	44	33	1	.571	3
Hiroshima	38	30	1	.558	4½
Yomiuri	44	38	0	.537	5½
Taiyo	33	45	1	.424	14½
Hanshin	27	52	1	.297	22½
PACIFIC LEAGUE	W	L	T	Pct.	GB
Kintetsu	48	28	1	.630	—
Seibu	46	31	2	.595	2½
Nippon Ham	40	38	1	.513	9
Daiei	36	37	0	.493	10½
Orix	34	44	2	.438	15
Lotte	25	51	0	.329	23

Tuesday's Result
Central All-Stars 1, Pacific All-Stars 0

TENNIS

Federation Cup

Spain 1, Belgium 0
Conchita Martinez, Spain, def. Dominique Monami, Belgium, 6-3, 6-1.
Czechoslovakia 1, Sweden 0
Radka Zrubakova, Czechoslovakia, def. Maria Strandlund, Sweden, 6-0, 6-3.
Austria 1, Portugal 0
Judith Wiesner, Austria, def. T. Couto, Portugal, 6-2, 6-2.
Britain 1, New Zealand 0
Clare Wood, Britain, def. Claudine Toleafoa, New Zealand, 6-3, 6-2.

CYCLING

Tour de France

Top finishers in Tuesday's 17th stage, a 125-kilometer (77.5 miles) race from Gap to L'Alpe D'Huez: 1. Gianni Bugno, Italy, 3 hours, 25 minutes, 48 seconds; 2. Miguel Indurain, Spain, at 1 second; 3. Luc Leblanc, France, at 2 seconds; 4. Jean-Francois Bernard, France, at 35 seconds; 5. Steven Rooks, Netherlands, at 43 seconds; 6. Claudio Chiappucci, Italy, same time; 7. Thierry Claveyrolat, France, s.t.; 8. Pedro Delgado, Spain, at 45 seconds; 9. Laurent Fignon, France, at 1 minute, 12 seconds; 10. Alvaro Mejia, Colombia, at 1:13.

Overall standings: 1. Indurain, 79 hours, 5 minutes, 25 seconds; 2. Bugno, at 3 minutes, 09 seconds; 3. Chiappucci, at 4:48; 4. Charly Mottet, France, at 4:57; 5. Greg LeMond, U.S., at 6:39; 6. Leblanc, at 6:53; 7. Fignon, at 7:00; 8. Andrew Hampsten, U.S., at 9:25; 9. Eduardo Chozas, Spain, at 14:22; 10. Gerard Rue, France, at 14:56.

TRANSACTIONS

BASEBALL
National League
ATLANTA—Signed Mike Kelly, outfielder.
SAN FRANCISCO—Optioned Mike Remlinger, pitcher, to Phoenix, Pacific Coast League.

BASKETBALL
National Basketball Association
UTAH—Released Alan Pollard, center, and Kelly Love and John Cooper, forwards.

FOOTBALL
National Football League
CHICAGO—Signed Jim Harbaugh, quarterback, to two-year contract.
CINCINNATI—Signed Shane Garrett, wide receiver.
DETROIT—Rescinded contract offers to Keith Ferguson, defensive lineman, and Terry Greer, wide receiver.
INDIANAPOLIS—Signed Roy Donaldson, center, to four-year contract.
MINNESOTA—Signed Mark Duebaben, linebacker. Agreed to terms with Randall McDaniel, guard; Carlos Jenkins, linebacker; Jake Reed, wide receiver; Gerald Hudson, running back.
NEW ORLEANS—Agreed to terms with Kevin Haverdink, tackle.
PHILADELPHIA—Named Ron Brown coaching intern.
PHOENIX—Brad Henke, defensive end, retired. Agreed to terms with Michael Zordich, safety and Jeff Alexander, fullback.
SAN DIEGO—Signed George Hinkle, defensive end; Released Wayne Dickson, linebacker; and Keith McDonald, wide receiver.
TAMPA BAY—Waived Jake McInerney, kicker, Pat Darrell Robertson, defensive lineman, an injured waivers. Terry Beasley, linebacker, left camp.
WASHINGTON—Released Shane Elliott and Matt McCartin, tackles; Brian Johnson, linebacker; Jeff Pearson and Dan Beatty, centers; and Gary Willingham, defensive end.

HOCKEY
National Hockey League
CHICAGO—Traded Troy Murray, center, and Warren Rychel, left wing, to Winnipeg for Bryan Marchment and Chris Norton, defensemen.

COLLEGE
LOYOLA MARYMOUNT—Chris Smith, baseball coach, resigned.
MANHATTAN—Named Steve Pinone men's assistant basketball coach.
MOORHEAD STATE—Named Dan Lind defensive coordinator.
ST. ANDREWS—Named Ron Lieverse men's basketball coach.
ST. LOUIS—Named Derek Thomas assistant men's basketball coach.
SAN FRANCISCO—Named Cory Russell assistant basketball coach.
TEXAS A&M—Anthony Williams, linebacker, was ruled academically ineligible for the fall.
TROY STATE—Robert Earl Stewart, athletic director, resigned.
TUFTS—Named William Gehling assistant athletic director and head women's soccer coach.
WELLESLEY—Named Kathy Hagerstrom women's basketball coach; Sue Landau women's lacrosse coach; and Abigail Peck, women's crew coach.

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ART BUCHWALD

Go Sit on a Heat Wave

By Russell Baker

NEW YORK — Why is it called a "heat wave"? Obviously it is not a wave. A wave moves. The so-called heat wave does not move.

It sits. It sits, and it sits, and it sits, and then it sits some more, the way unemployed relatives used to sit during the Great Depression after they'd wedged a foot inside the door by saying they were just passing through town and thought they'd drop in and say hello.

I once lived in a house where unemployed uncles just passing through town had no trouble at all in sitting for six or seven months. Heat waves are just like Depression uncles, yet nobody ever referred to those uncles as "uncle waves."

Economic realists, who flourish so abundantly nowadays, would probably have called them something harsh like "squatters." Economic realists usually haven't been unemployed since they graduated from Realism A&M maximissimo cum realismo, so they naturally tend to believe depressions will go away if unemployed people will simply get out of the house and go to work.

□

This conviction makes them impatient with threadbare house guests, and impatience is the father of harsh language, like "squatters" to describe uncles just passing through town. I shrink from such usage toward blood kin but feel no such mercy toward the misnamed "heat wave." Instead of "heat wave," it should be called a "heat squat."

"Heat wave" belongs to the same word family as "rush hour." These expressions are propagandistic. Their motive is pious uplift. The technique is to make you feel better than sensible people should by helping you kid yourself about ugly reality.

"Heat wave," however, is at least half honest. It concedes that the wretched heat actually exists; it lies only in suggesting that the steamy onset will be gone any moment now.

"Rush hour" is a double-barreled lie. First, the period alluded to is not a single tiny hour, but three and sometimes four eternal hours, and in some places almost all day long. This is the period when no sane person would try to rush anywhere. It is the period when the world stands still between small creepings.

If we wanted English to be brutal and depressingly honest we would long ago have abolished "rush hour" and started calling it "creep time." And no, I don't anticipate either "heat squat" or "creep time" will enjoy much acceptance.

□

This is a bad age for one-syllable words, not to mention any word that might conceivably offend anybody at all whomsoever. It's a cinch the Creeps Defense Association would denounce "creep time" as a cruelly insensitive stereotyping of the country's unfortunate creeps.

Admittedly there aren't as many creeps as there used to be, now that their once vast population has fragmented, with many abandoning their historic creep roots to become dweebs, weirdos or nerds. Still a handful is enough to constitute a movement these days.

"Heat squat" invites the same outrage from that spiritually, if not physically, upright minority which lives by squatting. Baseball catchers, for example. Marbles players. Crap shooters. Trainers of racing turtles.

When broken-down old "heat wave" and "rush hour" are finally replaced, it will be by expressions so long and so vaporous that speaking them will exhaust the jaw and numb the brain.

It is easy to see a future when the prospect of five days of 100-degree heat will have TV weatherfolk threatening that we will be "hyperthermally disadvantaged by mercurial-gradation indicators of triple-digit proportionality over the forthcoming pentaday segment of the calendarized time-dimensional element."

□

"Your discussion of 'heat wave' and 'rush hour' is terribly uninteresting," writes Verena Tarrant of Chestnut Street, Boston. "I was so hoping you would explain the sudden popularity of the phrase 'men in suits,' and tell us what makes them so naughty.

"My beloved father not only wore a suit every Sunday, but was also buried in one, yet he was a good man. So was Henry James, who even slept in a suit. I always thought it was men in black hats who were bad, and I was so hoping you would clarify all this, but now you have used up all your space, alas."

New York Times Service

Sonny Bono: To Cher With Bitterness

By Martha Sherrill
Washington Post Service

"Sonny & Cher" on their television show in 1971; author and mayor Bono today.

Frank Johnston/The Washington Post

WASHINGTON — He's the ultimate ex-husband — irritating in every possible way. You know he's angry, but he acts nicey-nicey instead. When he strains to hide the bitterness, his voice gets even more nasal. His smile grows huge.

"In my heart I have disconnected from Sonny & Cher," says Sonny Bono, "and I feel great about that."

He seems tired, slightly depressed. Imagine talking about your ex-wife who left you in the dust big-time — in five major U. S. cities. He's got a book now, "And the Beat Goes On," which is mostly about their time together. He may still be the mayor of Palm Springs, but you can't help feeling sort of bad for him — Cher's so famous, so hip, she's got all those cute guys, and there he is with his nasal voice, his forced niceness, his gigantic capped teeth. He's still the same old Sonny. Emphasis on old.

His mustache is grayer now. His 28-year-old wife, Mary, and their two children are upstairs in their hotel room.

When they met five million years ago, Cher had a foul mouth, bad skin, the gaze of a sphinx. She had "eyes as deep and as dark as tunnels." He was 26. She was a 10th-grade dropout, a runaway, but full of Hollywood dreams. "A hot-blooded paradox," he writes. She was 16, and, according to Bono, she had already slept with Warren Beatty.

The book festered in him for years — 16 since Cher left him — then he dictated his memories into a tape recorder so they could be structured by Todd Gold. ("He was the second writer," says Bono. "The first writer was too bitter.")

After many interviews, Gold captured perfectly the language and flaky wisdom of the Sonny Bono mind-set: "What a letdown." "She split." "What a buzz." "My dad freaked." "The song bombed big-time."

And Gold captured the braggadocio. Bono first laid eyes on Cher at an Italian restaurant in Hollywood — "a low-lit joint, I walked into Aldo's like a gunslinger coolly sauntering into a bar."

Bono was being set up with Cher's friend Melissa. After a double date, the girls took the guys to a lesbian bar. Cher and Melissa danced together. "An uneasiness crept over me," Bono writes. His dreams of Melissa were dashed. It was clear she wasn't interested in him. Cher, he writes, "was unreadable," although she insisted later: "I'm not that way."

Was Bono trying to imply that Cher was a lesbian before they met? "No, not at all," he says sheepishly. "Just that she was this waif searching in Hollywood. I was a waif too."

He does, straightforwardly, say that sex with Cher was never fabulous: "No fireworks. Maybe her other relationships were different," he writes. "But it never really meshed with us. In the most intimate moments, Cher was reserved and protective. There was a part of her — and it still exists — that no one can get to."

Ambition, which they did share, was steamy instead. Way before she ever dreamed of being a singer, Cher used to stand in front of the mirror and practice signing autographs for fans. Sometimes she'd practice turning them down. Her drive, according to Bono, came from her mother — a prowling Hollywood extra, a glamorpuss. "Her entire wardrobe," Bono writes, "was geared for after 6."

At first, her publicist said Cher hadn't read Bono's book, that she'd never gotten a copy. Then, last week, her publicist said she'd "skimmed it." Two official responses from Cher were offered:

1. "I think he should stick to writing songs. He does that better."

2. "Of all the people who have known me well, Sonny knew me the least."

Sometimes he reads profiles of his famous ex-wife. She gets so much press! All these years, she's gotten to tell her side of things. Sometimes she's asked, "What was the happiest time in your life?" And she always says the same thing: "When I left Sonny."

Now he's 56 years old. He became a Republican in 1984. He's been married three more times. He's written 10 Top Ten songs. He appeared in "Airplane II." He appeared on "Love Boat" five times. "It's part of why I quit show business," he says, "sitting around in that trailer, waiting to go on that show."

He's bought two houses from Tony Curtis. He has four children. One before Cher. One with Cher. Two after Cher. (In order: Christy, Chastity, Chesare, Chianna.) Cher caught him having sex with his secretary once. (She didn't do anything about it.) He's been mayor of Palm Springs for one term. He's had a house in the California desert for 17 years.

Twelve chapters (four-fifths) of "And the Beat Goes On" are devoted to Bono's 11 years with Cher. How they met, how she moved in with him, how they communicated by reading each other's diary entries.

How they weren't really legally married until Chastity was a toddler. (Cher's idea: They performed their own makeshift wedding ceremony in the bathroom one day.) How they developed their act. (Songs and put-downs.) How they redid themselves. (They both had nose jobs after their first big hit in 1965, "I Got You, Babe," and Cher had "her breasts reshaped and firmed up.") How they stupidly bought two enormous houses they couldn't afford. (Cher furnished their 54-room Holmby Hills house in three days. "I don't think anyone ever sat in the living room," writes Bono.)

And finally, it's about how Cher hated sharing the spotlight with him. "She really wanted to be bigger than Dylan and Jagger," says Bono. How she ignored him. She was always "absorbed in needlepoint. She was bored. Disinterested."

In November 1972 — the second year of their hit show — Cher kicked Bono out of their Vegas hotel room one night. She didn't want to sleep with him. She wanted to sleep with Bill Hamm, their band's young guitarist, instead.

"With a final look at Cher, I turned and walked out of the room," he writes. "No yelling. No slamming the door. I was a zombie who'd been defeated."

They kept doing the TV show for another year. They kept living together in the 54-room house. Cher kept seeing Hamm, then keyboard player David Paich, then Elton John's lyricist, Bernie Taupin, then the record and movie producer David Geffen.

Bono had his own lover move in, Connie Foreman, a cigarette girl from Pip's.

Bono blames Geffen for the Wow Finish. Geffen, according to Bono, encouraged Cher to divorce him, to break their TV contract, to start her own solo career. (She signed for her own show, "The Cher Comedy Hour," immediately.) Geffen was "orchestrating Sonny and Cher's demise like a ruthless takeover artist."

In divorce court, Cher charged Bono with subjecting her to "involuntary servitude."

"I recoiled in shock," Bono writes. "Cher's charge was a callously legal way of saying that she had been my slave. Not my wife, my lover, my best friend, my inspiration, or the mother of our child, but my slave!"

There are two brief chapters at the book's end, chronicling the last 16 years of his life — the 13-week failure of ABC's "Sonny Bono Show," the opening of his restaurant, his one date with Raquel Welch, his appearance in "Hairspray" and his last two marriages.

His wife, Mary, has turned his life around. He has also discovered Dianetics, monogamy and politics. He wants to run against Jerry Brown for a U. S. Senate seat in '92. He has also apologized to his daughters Christy and Chastity for "coming up short" as a father.

PEOPLE

Private Schwarzkopf; Smile When You Say It

General H. Norman Schwarzkopf, the allied commander in the Gulf war, will receive France's second-highest honor on Wednesday, and while he is at it he will become an honorary private. The French Army said the general would be decorated with the insignia of Grand Officer of the Legion of Honor by **General Maurice Schmitt**, the army's chief of staff during the war. Schwarzkopf will also be made an honorary private first class in the Foreign Legion, an unofficial distinction rarely awarded by the famous fighting body. The ceremony will be held at the Foreign Legion's headquarters in Aubagne, near Marseille. The highest rank in the Legion of Honor, that of Grand Cross, is usually reserved for heads of state when it is awarded to foreigners.

□

President François Mitterrand of France is a distant cousin of Britain's **Queen Elizabeth**, a French genealogist, requesting anonymity, affirmed Tuesday in commenting on a story in the French daily Libération, which purported to explain how the Socialist president was related to the queen. Mitterrand's maternal grandmother, **Eugénie Faure-Labouharderie**, was the granddaughter of **Bernard de Javrezac**, part of the Berbezières family, a French branch of the house of Hanover, from which the queen is descended. At the Elysée Palace, a presidential aide said: "It all sounds a bit absurd to me."

□

Franco Zeffirelli called for a halt to the "unimaginable torture" of the Palio of Siena, a horse race that dates back to medieval times. "My purpose is to save these poor horses useless suffering," Zeffirelli said at a press conference in Rome. The race, a no-holds-barred, bareback gallop around the perimeter of the shell-shaped Piazza del Campo, preceded by a parade in medieval costume, "is by now an appointment with death" for the horses, said Zeffirelli. In the last 21 races, 22 horses have been destroyed after being injured in the race, in which each horse represents one of the city's contrade, or districts. Zeffirelli was joined by the fashion designers **Elio Fiorucci**, **Renato Balestra** and **Rocco Barocco**, and the French actor **Jean Rochefort**. The next will be on Aug. 16.

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Shamir G

By Thomas L. Fried
New York Times Service

JERUSALEM — Prime Minister Shamir said Wednesday that Israel the opportunity to attend the U Middle East peace conference, b Palestinians from East Jerusalem connection to the Palestine Libera zation are included.

The prime minister said that if ians were prepared to come to a ence on such terms, Israel would hold direct bilateral negotiations state. But he warned both Syria and they must not expect to get any la — only peace for peace.

Speaking in an interview on televised news program, Mr. Sham whether, even if Israel were offe and true peace" that every Israeli is he would agree to trade away som

Outrag

By Craig R.
New York Times

LONDON — The grow scandal around the Bank of merce International, closed England on July 5, may not on the British general electi called within the next 12 m shaken Prime Minister Jo boots.

The seriousness of the drawn on Mr. Major last wee had successfully presided meeting between President

Plant Found Bey

LONDON (Reuters) — A p been discovered for the first time, Wednesday.

The unnamed planet, about in the constellation Sagittarius galaxy containing the solar system neutron star known as PSR (180,000 trillion miles) away University of Manchester in Bri existed on the planet.

General News
After John Sununu, Les Aspin is the Pentagon's most frequent flier. Page 3.

Business/Finance
India will allow foreign companies to take majority stakes in joint ventures. Page 9.

GI Food:

By Dena Kleiman
New York Times Service

NATICK, Massachusetts — for the troops. Their gripes have Next time there's a war, there (sort of), as well as pizza, burritos fried chicken, potato chips, waffle chow mein.

"We learned from the war tha like all these casseroles," sa Berkowitz, a senior food technol Army's Natick Research, Develo Engineering Center, which dre various dishes the men and wo armed services eat around the

Its inventions and concerns ha what the military is fed in bo peace. But over the years its creati products they have inspired have

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